ANNUAL REPORT

OF THE

Indian Merchants' Chamber

FOR THE YEAR

1939

presented to the Annual General Meeting of the Chamber held on 24th January, 1940.

Published by

J. K. MEHTA, M.A.

SECRETARY, INDIAN MERCHANTS' CHAMBER,

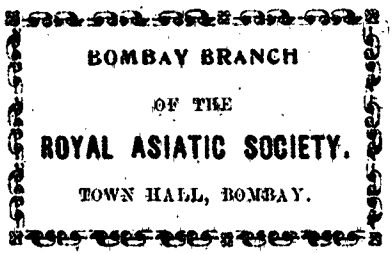
SALJI NARANJI MEMORIAL

INDIAN MERCHANTS' CHAMBER BUILDING,

BACK BAY RECLAMATION, FORT, BOMBAY

00133697

1940



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The Secretary

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LIST OF MEMBERS

OF

THE INDIAN MERCHANTS' CHAMBER

Honorary Member :-

MAHATMA GANDHI

LIST OF MEMBERS

of

THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Trade.	Address.
1.	**Mr. Gordhandas P. Sonawala**	(Patron-Member) **Messrs. Narrondass Manordass & Co.**	Bankers, Bullion & Cotton	Sheikh Memon St., Bombay.
2	Mr. Chunilal Devkaran Nanji	Messrs. Chugondas & Co. ..	Share Brokers	17, Elphinstone Circle, Fort, Bombay.
3	,, Bhagwandas Munmohundas ..	,, Munmohundas Ramji & Co.	Millowners, Agents and Piecegoods Merchants.	Mubarak Manzil, Apollo St., Fort, Bombay.
4	,, Chatrabhuj Morarji ..	,, Morarji Velji & Sons	Piecegoods Merchants	Kalbadevi Road, Kolbhat Street, Bombay.
5	,, Jamnadas Devidas ..	,, Jethabhai Govindji & Co.	do.	Mulji Jetha Market, Sir Vithaldas Galli, Bombay.
6	,, Jethabhai Kalyanji ..	,, Valji Shamji & Co. ..	do.	Mulji Jetha Market, Chowk, Bombay.
7	Mr. Devidas Madhowji Thackersey	Messrs. Madhowji Thackersey & Sons	Piecegoods Merchants	Bombay Co-operative Ins. Bldg., Sir P. M. Rd., Bom.
8	,, Ramdas Madhowji ..	,, Ramdas Madhowji & Co.	do.	Mulji Jetha Market, New Narayan Chowk, Bombay.
9	,, Vithaldas Damodar Govindji	,, Damodar Govindji Sons & Co. ..	do.	Plot No. 24-A, Worli, Bombay.
10	,, Morarji Hemraj Kanji	,, Hemraj Kanji & Co.	do.	Mulji Jetha Market, New Govind Chowk, Bombay.
11	,, Hiralal Amritlal Shah	Mr. Hiralal Amritlal Shah	do.	Dahyabhai Bldg., 8 Chaupaty Sea Face, Bombay.
12	,, Haridas Purshottam Govindji	Messrs. Purshotam Govindji & Co.	do.	Mulji Jetha Market, Chowk, Bombay.
13	,, Bhagwandas Vassanji	,, Kanji Karsan & Co.	do.	56, Pedder Road, Bombay.
14	,, Mathuradas Dwarkadas	,, Lalji Naranji & Co. ..	Piecegoods Merchants and Mill Agents.	Ewart House, Tamarind Lane, Fort, Bombay.
15	,, Vaman Shridhar Apte	,, Vaman Shridhar Apte & Co.	Piecegoods Merchants	Mulji Jetha Market, Govind Chowk, Bombay.
16	,, Krishnaraj M. D. Thackersey	,, Thackersey Moolji & Co.	Millowners, Agents and Piecegoods Merchants	16, Apollo Street, Fort, Bombay.
17	,, Chaturbhuj Gordhandas Sunderdas ..	,, Mooljee Jaitha & Co.	Cotton	Ewart House, Tamarind Lane, Fort, Bombay.
18	,, Mulji Goculdas ..	,, Dharamsey Rattansey	Piecegoods Merchants	Laxmidas Khimji Market, Sheikh Memon St., B'bay.
19	,, Ramdas Ranchordas Thakersey	,, Ranchordas Thakersey & Sons.	do.	454-458, Popatwadi Corner, Kalbadevi Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
20	Mr. Jamnadas Harakhji Sanghvi	Messrs. L. Jamnadas & Co.	Piecegoods Merchants	82, Dady Seth Agiari Lane, Bombay.
21	,, Dwarkadas Meghji ..	,, Haridas Keshavji & Co.	do.	Khan Bldg., Girgaum Road, Bombay.
22	,, Manilal Revashanker	,, Revashanker Jagjivan & Co.	Jewellers	Khara Kuva, Sheikh Memon Street, Bombay.
23	Sir Purshotamdas Thakurdas, Kt. ..	,, Narandas Rajaram & Co.	Cotton	Navsari Chambers, Outram Road, Fort, Bombay.
24	Mr. Govindjee Ruttonsee Mooljee	Mr. Govindjee Ruttonsee Mooljee	Merchant	Mercantile Chambers, Ballard Estate, Fort, Bombay.
25	,, Dhanjibhoy B. Petit	Messrs. Dhanjibhoy B. Petit & Co.	General Merchants	Union Bank Bldg., Apollo Street, Fort, Bombay.
26	The Hon'ble Mr. Govindlal Shivlal ..	,, Raja Bahadur Shivlal Motilal	Shroff	"Shri Sadan", 15, Land's End Road, M. Hill, Bombay.
27	Mr. S. R. Bomanji ..	Mr. S. R. Bomanji.	Machinery and Millstores	Forbes Street, Fort, Bombay.
28	,, Hansraj Jivandas ..	Messrs. Khimji Vishram & Co.	Cotton	Dana Bunder, Broach Street, Bombay.
29	,, Kaikobad Cowasji Dinshaw	,, Cowasji Dinshaw & Bros.	Millowners and Agents	121, Medows Street, Fort, Bombay.
30	Mr. Mathuradas Vissanji ..	Mr. Mathuradas Vissanji ..	Cotton	9, Wallace St., Fort, Bombay.
31	,, Govindram Harsomal	Messrs. Tarachand Ghanshamdas	Shroff	Jhaveri Bazar, Shaik Memon Street, Bombay.
32	,, Karsandas Mulji Jetha	Mr. Karsandas Mulji Jetha	Cotton	54-55, Laxmi Bldg., Sir P. Mehta Rd., Fort, Bombay.
33	,, Khimji Shamji ..	The Grain Merchants' Association ..	Grains	262, Musjid Bunder Road, Bombay.
34	,, Gulabdas Ghellabhai Mehta	The Indian Mercantile Insurance Co. Ltd. ..	Insurance	Co-operative Insurance Building, Sir P. Mehta Road, Fort, Bombay.
35	,, N. M. Raijee ..	Messrs. S. B. Billimoria & Co.	Auditors	113, Mahatma Gandhi Road, Fort, Bombay.
36	,, R. D. Lam ..	,, Tata Sons, Ltd. ..	Millowners & Agents	Bombay House, Bruce St., Fort, Bombay.
37	,, Dadabhai J. Registrar	The Berar Mfg. Co. Ltd. ..	Textile Mills	Kent House, Sir P. Mehta Road, Fort, Bombay.
38	,, Hirjibhai Shapurji Patuck	Messrs. H. S. Patuck & Co.	Import-Export	Nagri Building, Custom House Road, Fort, Bombay.
39	Sir Kikabhai Premchand, Kt.	,, Premchand Roychand & Sons Ltd.	Share Brokers	Apollo Street, Fort, Bombay.
40	Dr. M. Venkatrao ..	,, Powells Limited ..	Pharmaceutical Products and Surgical Instruments	Lamington Road, Bombay.
41	Mr. Kantilal Nahalchund..	,, Nahalchund Laloochund	Yarn	Tamba Kanta, Pydhonie, Bombay.

No.	Representative.	Member.	Trade.	Address.
42	Mr. Bharata K. S. Aiyar ..	Messrs. K. S. Aiyar & Co. ..	Auditors	65, Apollo Street, Fort, Bombay.
43	,, Dulerai Vanechand Desai	,, Hirachand Vanechand Desai & Co. ..	Cotton	22, Apollo Street, Bombay.
44	Prof. Sohrab R. Davar ..	,, Davar's College of Commerce ..	Commercial Institute	80-82, Mahatma Gandhi Road, Fort, Bombay.
45	Mr. Phirozeshaw N. Mehta	,, P. N. Mehta & Co.	Yarn, Piecegoods and Machinery Importers	Cook's Building, Hornby Road, Fort, Bombay.
46	,, Nandlal Kilachand ..	,, Kilachand Devchand & Co. Ltd. ..	Grain	Allahabad Bank Building, Apollo St., Fort, Bombay.
47	,, H. C. Captain ..	The Central Bank of India Ltd.	Bankers	Mahatma Gandhi Road, Fort, Bombay.
48	,, Jayantilal Manilal Shah	The Bombay Shroff Association	Shroffs	Shroff Bazar, Sheikh Memon Street, Bombay.
49	,, Mathuradas Govindji	Messrs. Gokalbhai Dolatram & Co.	Cotton	170-72, Kalbadevi Road, Bombay.
50	,, Liladhar Javerchand	,, Mulchand Vussanji & Co.	do.	33, Cuffe Parade, Fort, Bombay.
51	,, Dwarkadas Tribhovandas	Mr. Dwarkadas Tribhovandas	do.	Shingani Building, Marwari Bazar, Bombay.
52	Mr. Minocher P. Patel ..	Messrs. Patel Bros.	Cotton	Patel House, Churchgate St., Fort, Bombay.
53	,, Hormasji D. Jassoobhoy	,, Chandabhoy & Jassoobhoy	Auditors	Gustad Chambers, Sir P. Mehta Rd., Fort, Bombay.
54	,, Fakirmahomed C. L. Sajun	,, C. L. Sajun & Co. ..	Rice	Carnac Bunder, Bombay.
55	,, Kirtilal Manilal ..	,, Surajmal Lallubhai & Co.	Jewellers	Kalbadevi Road, Bombay.
56	,, Ratanlal M. Mehta ..	,, Nagindas & Maneklal	Income-tax Experts	Maldon House, New Marine Lines, Fort. Bombay.
57	,, Dalpatram B. Trivedi	Messrs. Trivedi & Co. ..	Iron	Navsari Chambers, Outram Road, Fort, Bombay.
58	,, N. C. Khorana ..	The Punjab National Bank Ltd.	Bankers	Kent House, Sir P. Mehta Road, Bombay.
59	,, Vithaldas Purshotam	Messrs. Pitamber & Co. ..	Freight Brokers & Coal Merchants	Scindia House, Dougall Rd., Ballard Estate, Fort, Bom.
60	,, Bhailal Dajibhai Amin	The Alembic Chemical Works Co. Ltd.	Pharmaceutical and Spirituous preparations	Baroda Camp.
61	,, A. D. Shroff	Messrs. Batlivala & Karani	Share Brokers	Dalal Street, Fort, Bombay.
62	,, Maneklal Manilal Ranchhoddas Pari ..	Mr. Maneklal Manilal Ranchhoddas Pari ..	Shroff	Manek Chowk, Ahmedabad.
63	,, M. A. J. Noble ..	,, M. A. J. Noble ..	General Merchant	Graham Bldg., Parsi Bazar St., Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
64	Mr. Shoorji Vallabhdas ..	Messrs. Shoorji Vallabhdas & Co.	Piecegoods Merchants	Cutch Castle, Sandhurst Road, Bombay.
65	,, Jiwandas Doongursee	,, Doongursee & Sons	Wool Merchants	59, Forbes Street, Fort, Bombay.
66	,, Ramnivas Ramnarain	,, Harnundrai Ramnarain	Cotton	C/o Phoenix Mill, Ltd., 143, Mahatma Gandhi Rd., Bom.
67	,, T. M. Rangachari ..	Mr. T. M. Rangachari ..	Import-Export	2/6, Second Line Beach, Madras.
68	,, Walchand Hirachand	,, Walchand Hirachand ..	Contractor & Commission Agent	Construction House, Ballard Estate, Bombay.
69	,, Mansukhlal Atmaram Master	,, Mansukhlal Atmaram Master	Shipping	Scindia House, Dougall Road, Ballard Estate, Bombay.
70	,, Damodar Govindji Madhowji	Messrs. Govindji Madhowji & Co.	Coal & Insurance Agents	16, Apollo Street, Fort, Bombay.
71	,, Bhagwandas Goverdhandas ..	Mr. Bhagwandas Goverdhandas ..	Cotton	9, Wallace Street, Fort, Bombay.
72	,, Mathuradas Canji Matani	Messrs. Kanji Dwarkadas	Rice	45-47, Modi Street, Fort, Bombay.
73	,, Madhavlal Makanji ..	,, Madhavlal & Co. Ltd.	Coal	Alice Building, Hornby Road, Bombay.
74	Mr. Nemchand Jagatchandra Vohora	Messrs. C. K. Vohora & Co.	Machinery and Millstores	Saker Bazar Cross Lane, Railway Pura Post, Ahmedabad.
75	,, Nandlal Madhavdas ..	,, Amersey Damodar ..	Cotton	106, Bhuleswar Road, Bombay.
76	,, J. M. Cooper	,, K. & J. Cooper ..	Educational Publishers	598, Girgaum Tram Terminus, Bombay.
77	,, Harisukh Harilal ..	,, Lalji Godhoo & Co.	Spices	Samuel Street, Vadgadi, Bombay.
78	The Hon'ble Mr. Shantidas Askuran ..	The Hon'ble Mr. Shantidas Askuran ..	Cotton	"Mahendra Bhuvan," Nepean Sea Road, Bombay.
79	Mr. Vyas Laxmishanker Narbadashanker ..	Mr. Vyas Laxmishanker Narbadashanker ..	do.	Detroj. (Viramgam)
80	Sir Ishwardas Lukhmidas, Kt.	Sir Ishwardas Lukhmidas, Kt.	Yarn	"Garden View", Hughes Road, Bombay.
81	Mr. Ishwarlal Ganpatram Gajjar	Mr. Ishwarlal Ganpatram Gajjar	Colour and Medicines	Chimanlal Desai's Bunglow, 24, Worli, Bombay.
82	The Hon'ble Sir Rahimtulla M. Chinoy, Kt.	Messrs. F. M. Chinoy & Co. Ltd.	Motor Cars, etc.	Band Stand, Chowpatty, Bombay.
83	Mr. Jal Hormasji Billimoria	,, Pallonjee Eduljee & Son	Sanitary Engineers & Contractors	New Charni Road, Girgaon, Bombay.
84	,, Velji Lukhamsi Nappoo	,, Nappoo Nensee & Co.	Grain	188, Argyle Road, Dana Bunder, Bombay.
85	,, Ali Mahomed Mecklai	,, Ali Mahomed Mecklai & Co.	Exchange, Finance & Bullion Brokers	99, Mahatma Gandhi Road, Fort, Bombay.
86	,, J. H. Bhabha ..	The Tata Hydro Electric Power Supply Co. Ltd.	Electric Power Supply	Bombay House, Bruce Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
87	Mr. Dwarkadas Jekisondas	Mr. Dwarkadas Jekisondas	Landlord	Dwarkadas Mansion, Sandhurst Road, Bombay.
88	,, Hansraj Haribhai ..	Messrs. Hansraj & Co. ..	Share Brokers	Arya Bhuwan Bldg., Graham Road, Ballard Pier, Fort, Bombay.
89	,, Vallabhdas Runchordas	,, Vallabhdas Runchordas & Co. ..	Gramophones etc.	Mahim, Bombay.
90	,, Kapilram H. Vakil ..	Mr. Kapilram H. Vakil ..	Salt, Cousulting Chemist & Technologist	Bombay House, Bruce St., Bombay.
91	,, Mohammed Jaffer Hajee Nassur	Messrs. Nassur Hajee Mowjee & Co.	Import-Export	Nassur Building, Mahomadalli Road, Bombay.
92	,, Amratlal Amerchand	,, Amratlal Amerchand & Sons	Grain	36, Kazi Sayed Street, Mandvi, Bombay.
93	,, Laxmidas G. Tejpal ..	Mr. Laxmidas G. Tejpal ..	Mining	7, Bastion Road, Fort, Bombay.
94	,, Morarji Premji Goculdas	Messrs. M. P. Goculdas & Co.	Insurance Agents	Yusuf Building, Churchgate Street, Fort, Bombay.
95	,, Behram N. Karanjia ..	Mr. Behram N. Karanjia ..	Silk and General Merchant	8, Carmichael Road, Bombay.
96	,, Sarabhai Prataprai ..	Mr. Sarabhai Prataprai ..	General Merchant	"Madhuli," Grant Road, Bombay.
97	Mr. W. Millard ..	The New India Assurance Co. Ltd.	Insurance	Central Bank Building, Mahatma Gandhi Rd., Bom.
98	,, Anandji Kanji ..	Messrs. Kanji Cursondas & Co.	Millowners & Agents	187, Hornby Road, Bombay.
99	,, Narandas Munmohandas Ramji	The Bombay Swadeshi Co-operative Stores Co. Ltd.	General Merchants	Sir P. Mehta Road, Fort, Bombay.
100	,, Maganbhai P. Amin ..	Messrs. Maganbhai Amin & Co.	Machinery and Millstores	105, Apollo Street, Fort, Bombay.
101	,, Dhirajlal Maganlal ..	,, Purshotam Pranvallubh & Co. ..	Share Brokers	Dalal St., Share Bazar, Bombay.
102	,, Aboobaker Abdulrehman	,, Aboobaker Abdulrehman & Co. ..	Cotton	14, Custom House Road, Fort, Bombay.
103	,, Parmanand Karsandas	,, Parmanand Karsandas Hargovan ..	Piecegoods Merchants	Mulji Jetha Market, Chowk, Bombay.
104	,, S. D. Shethia	,, Shivji Dharamsey Shethia & Co. ..	Coal	Graham Building, Parsee Bazar St., Fort, Bombay.
105	,, Jamnadas Ramdas ..	,, Tulsidas Ramdas ..	Cotton	Cotton Exchange Bldg., Kalbadevi Road, Bombay.
106	,, Pragji Dayal Hariani	Mr. Pragji Dayal Hariani ..	General Merchant	112, D'Souza Street, Mandvi, Bombay.
107	,, Jivanlal Chimanlal Setalvad	Messrs. J. C. Setalvad & Co.	Insurance	Jehangir Wadia Building, Mahatma Gandhi Rd., Bom.
108	,, Rattansey Hirji ..	,, Hirji Govindji & Co.	Grain	45, Baroda St., Dana Bunder, Bombay.

No.	Representative.	Member.	Trade.	Address.
109	Mr. Mohanlal Hemchand Jhaveri	Messrs, Chimanlal Mohanlal & Co.	Jewellers	Patel Building, Javeri Bazar, Bombay.
110	,, Chimanlal Keshavlal Shah	The Gujarat Oil Mill & Mfg. Co. Ltd.	Oil-millers	Asarva, Post Railwaypura, Ahmedabad.
111	,, Ratan C. Gazdar ..	Messrs. Bomanji C. Gazdar & Co.	Coal	16, Apollo Street, Fort, Bombay.
112	,, Kanchanlal Varajdas	The Universal Fire & General Insurance Co. Ltd.	Insurance	Universal Building, Sir P. Mehta Road, Fort, Bombay.
113	,, Ramkumar Shrinivas Morarka	The Sholapoor Spg. & Wvg. Co. Ltd.	Textile Mills	Standard Bldg., Hornby Rd., Fort, Bombay.
114	,, Lakhmidas G. Dossa	Messrs. Goculdas Dossa & Co.	Cotton	55, Apollo Street, Fort, Bombay.
115	,, Dorab Bomanji Kapadia	Mr. Dorab Bomanji Kapadia	Insurance Agent	C/o Mr. N. H. Katrak, Hirji Mansion, Gowalia Tank Road, Bombay.
116	,, Ratanchand Hirachand	The Premier Construction Co. Ltd.	Contractors	Construction House, Ballard Estate, Bombay.
117	,, Behram N. Karanjia	The Silk Merchants' Association	Silks	Dahanukar Building, Kalbadevi Road, Bombay.
118	,, S. J. Pandya	The Scindia Steam Navigation Co. Ltd.	Shipping	Scindia House, Dougall Rd., Ballard Estate, Fort, Bom.
119	Mr. Hooseinbhoy A. Lalljee	Messrs. Abdullabhoy Lalljee & Co.	General Merchants	Queen's Mansion, Bastion Road, Bombay.
120	Sir M. Visvesvaraya, K.C.I.E.	Sir M. Visvesvaraya, K.C.I.E.	General	Uplands, High Ground, Bangalore.
121	Mr. M. G. Metha	Messrs. Bakubhai Ambalal & Co.	Import-Export	Mohamed Building, 27, Bastion Road, Fort, Bombay.
122	,, A. M. Lala . ..	,, Nanavati Vevaina & Co.	Coal	Scindia House, Dougall Rd., Ballard Estate, Bombay.
123	,, Navnitlal Mohanlal Chokshi	The Jupiter General Insurance Co. Ltd. ..	Insurance	Ewart House, Tamarind Lane, Fort, Bombay.
124	,, B. M. Bhargava ..	The Union Bank of India Ltd.	Bankers	Apollo Street, Fort, Bombay.
125	,, Nemchand Abhechand	The Pearl Merchants and Jewellers' Association.	Pearl & Jewellery	25-39, Mumbadevi Road, Bombay.
126	,, Manmohandas Madhavdas Amersey ..	Messrs. Amersey & Sons ..	Cotton	Wakefield House, Sprott Road, Ballard Estate, Bombay.
127	,, Ratansi Karsondas ..	,, Karsondas Ranchhordas	Commission Agents and Contractors	66, Bazar Gate Street, Fort, Bombay.
128	,, Jehangir P. Katgara ..	,, Jeena & Co.	Import-Export	Patel House, Churchgate St., Fort, Bombay.
129	,, Morarji Mulraj Khatau	The Khatau Makanji Spg. & Wvg. Co. Ltd. ..	Textile Mills	Laxmi Building, 2 B, Ballard Pier, Bombay.
130	,, Khursedji Limji ..	The Bombay Cycle and Motor Agency Ltd.	Motor Cars, etc.	534, Sandhurst Bridge, Chowpatty, Bombay.

No.	Representative.	Member.	Trade.	Address.
131	Mr. Nussurwanji S. Guzder	Messrs. Nussurwanji S. Guzder & Co. ..	General Merchants	Canada Building, Home Street, Fort, Bombay.
132	,, Gordhandas Goculdas Morarji	Mr. Gordhandas Goculdas Morarji	Piecegoods	Rajab Mahal, Churchgate Reclamation, Bombay.
133	,, B. Das	,, B. Das	Consulting Engineer	P. O. Chandani Chowk, Cuttack.
134	,, Chaturbhuj Khiasee ..	Messrs. Chaturbhuj Khiasee & Co.	Rice	81-83, Chinch Bunder Road, Bombay.
135	,, S. D. Saklatvala ..	,, Tata Mills Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
136	Sir Homi Mody, K.B.E. ..	The Swadeshi Mills Co. Ltd.	do.	Bombay House, Bruce Street, Fort, Bombay.
137	Mr. Navinchandra Mafatlal ..	The Standard Mills Co. Ltd.	do.	29, Rustom Building, Churchgate St., Bombay.
138	,, Chamanlal Girdhardas Parekh	The Industrial Bank of Western India Ltd.	Bankers	Mirzapur Road, Ahmedabad.
139	,, Ahmed Habib ..	Messrs. Khoja Mithabhai Nathoo	Import-Export, Metal, Cotton & Oilseeds	Hanuman Building, Tamba Kanta, Bombay.
140	Sir Hormasji P. Mody, K.B.E.	Sir Hormasji P. Mody, K.B.E.	Merchant & Industrialist (Tata's)	Cumballa Hill, Bombay.
141	Mr. Shantikumar Narottam Morarjee	Mr. Shantikumar Narottam Morarjee	Shipping	Scindia House, Dougall Road, Fort, Bombay.
142	,, P. N. Vevaina ..	The Eastern Bunkerers Ltd.	Coal	Scindia House, Dougall Road, Ballard Estate, Fort, Bombay.
143	,, Shiavax C. Cambata	Messrs. Shiavax C. Cambata & Co. Ltd. ..	Colliery Agents, Stevedores, Dubash & Contractors	Cambata Building, Queen's Road, P. O. Box. No. 416, Bombay.
144	Khan Bahadur Phirojshaw D. Patel	Khan Bahadur Phirojshaw D. Patel	Piecegoods and Commission Agents	Central Bank Bldg., Mahatma Gandhi Road, Fort, Bom.
145	Mr. Chunilal B. Mehta ..	The Bombay Bullion Exchange Ltd. ..	Bullion	171, Shroff Bazar, Bombay.
146	,, Mafatlal Gagalbhai ..	Mr. Mafatlal Gagalbhai ..	Millowner & Agent	29, Rustom Building, Churchgate St., Bombay.
147	,, M. C. Ghia	Messrs. M. C. Ghia & Co. ..	Millstores, Oil, Colour, etc.	28, Apollo Street, Fort, Bombay.
148	The Hon'ble Raja Sir S. R. M. Annamalai Chettiar	The Hon'ble Raja Sir S. R. M. Annamalai Chettiar	Bankers	"Natana Vilas," 38, P. C. Road, Vepery, Madras.
149	Mr. Sankalchand G. Shah	Messrs. Sankalchand G. Shah & Co.	Yarn, Sugar, Cotton, Metal, Piecegoods Brokers & Import-Export	Hanuman Building, Tamba Kanta, Bombay.
150	,, Meyer Nissim	Mr. Meyer Nissim	Import-Export	Menkwa Building, Outram Road, Fort, Bombay.
151	,, J. D. Writer	Dr. D. Writer & Co. ..	Confectionery	Bhavanishankar Road, Dadar, Bombay.

No.	Representative.	Member.	Trade.	Address.
152	Mr. Popatlal Girdharlal ..	Messrs. Popatlal Girdharlal & Co.	Yarn and Machinery	49, Apollo Street, Fort, Bombay.
153	„ Keshavprasad C. Desai	The Industrial & Prudential Assurance Co. Ltd.	Insurance	Jehangir Wadia Building, Mahatma Gandhi Rd., Bom.
154	Rai Saheb Baboo Motilalji	Messrs. Rai Bahadur Bhagchand	Bankers	Juhar Palace, Kalbadevi Road, Bombay.
155	Mr. Dhirajlal C. Modi ..	The Gujarati Type Foundry	Type Founders and Machinery	Gaiwadi, Girgaon, Bombay.
156	„ Manu Subedar ..	Mr. Manu Subedar	General Merchant	Kodak House, Home St., Fort, Bombay.
157	„ G. F. Munshi ..	The Gujrat Islam Match Mfg. Co. Ltd.	Match Manufacturers	Kankaria Road, Ahmedabad.
158	„ Kalyanbhai Sarabhai Javeri	Messrs. Sarabhai & Sons ..	Import-Export and Commission Agents	317-21, Hornby Rd., Bombay.
159	„ Jagjivan Ujamshi Mulji	The Sugar Merchants' Association ..	Sugar	Sugar Market, Bombay.
160	„ M. J. Buch ..	The Indian Co-operative Navigation & Trading Co. Ltd.	Shipping	Scindia House, Dougall Rd., Ballard Estate, Bombay.
161	„ C. R. H. Readymoney	India International Co. ..	Import-Export and Commission Agents	Readymoney Mansion, Churchgate St., Bombay.
162	Mr. Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee	Banker	205-207-209, Kalbadevi Road, Bombay.
163	„ S. Bhattacherjee ..	The Bengal Luxmi Cotton Mills Ltd. ..	Textile Mills	28, Pollock Street, Calcutta.
164	„ Bhogilal Laherchand Javeri	Messrs. Batliboi & Co. ..	Machinery, Millstores, Pearl & Diamond Merchants	Forbes Street, Fort, Bombay.
165	„ Mahomed Akbar A. Fazalbhoy	„ A. Fazalbhoy & Sons	Radio, Motor cars, etc.	C/o Bombay Radio Co. Ltd., 16, New Queen's Rd., Bom.
166	„ B. S. Lalkaka ..	The Pioneer Magnesia Works	Chloride Manufacturers	Chartered Bank Building, Mahatma Gandhi Rd., Bom.
167	„ Dharamsey Mulraj Khatau	Mr. Dharamsey Mulraj Khatau ..	Cement	Laxmi Building, 2B, Ballard Pier, Fort, Bombay.
168	„ Jehangir Ruttonji Dubash	Mr. Jehangir Ruttonji Dubash ..	Grain, Sugar and Spices	24, Carnac Bridge Road, Akbar Press, Bombay.
169	„ Govinddas Maneklal ..	„ Govinddas Maneklal ..	General Merchant	Mathuresh Bhuvan, Shahi Baug, Ahmedabad.
170	„ Purshotamdas Harkisondas Shah	Messrs. Bhaidas Cursondas & Co. ..	Cotton	16, Apollo Street, Fort, Bombay.
171	„ Bhagwandas Ramchund	„ Narottamdas Ramchund & Co. ..	Brokers	C/o Mackinon Mackenzie & Co., Ballard Estate, Bom.
172	„ Vrajlal Jivandas ..	„ Laxmidas Vrajlal & Co. ..	Piecegoods	100-102, Vithalbhai Patel Rd., Bombay.
173	„ J. K. Dubash	Mr. J. K. Dubash	Landing & Shipping Broker	Dady House, Churchgate Street, Bombay.
174	„ Ratansi Mulji	Messrs. Vussonji Morarji ..	Cotton Brokers	36, Holi Chakla, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
175	Mr. Ratilal Mulji Gandhi	Messrs. R. Ratilal & Co. ..	Grain & Seeds, Cotton and Commission Agents	Teju Kaya Bldg., Old Chinch Bunder Road, Bombay.
176	,, Jagmohundas Kaliandas ..	Mr. Jagmohundas Kaliandas	Broker and Landlord	"Krishna Kunj", Ridge Road, Bombay.
177	,, D. S. Captain	Messrs. Captain & Vaidya ..	Solicitors	121, Mahatma Gandhi Road, Fort, Bombay.
178	,, Lachmandas Harkhchand Daga ..	,, Rai Bahadur Bansilal Abirchand	Millowners and Bankers	18/22, Sheikh Memon Street, Bombay.
179	Rao Bahadur Nanji Ladhabhai	,, Kurpal Harsi & Co.	Rice	Chinch Bunder Road, Bombay.
180	Mr. Chunilal B. Mehta ..	,, Chunilal Mehta & Co. Ltd.	Cotton and Bullion	51, Marwari Bazar, Bombay.
181	,, Ratilal M. Nanavati ..	,, Kantawala Nanavati & Co. Ltd.	Chemicals and Millstores	16, Apollo St., Fort, Bombay.
182	,, Chunilal P. Bhatt ..	,, Jeewanlal (1929) Ltd.	Aluminium ware Merchants & Manufacturers	Kodak House, Hornby Road, Bombay.
183	,, Rasheed N. Futehally	,, N. Futehally & Co.	Import-Export	19, Bank Street, Fort, Bombay.
184	,, Ballabhdas Eshwardas Agrawal	Mr. Ballabhdas Eshwardas Agrawal ..	Cotton, Grain and Railway Contractor	183, Hornby Road, Fort, Bombay.
185	Mr. Bhawanji A. Khimji	Messrs. Arjan Khimji & Co.	Cotton	Western India House, Sir P. Mehta Rd., Fort, Bombay.
186	,, Karamchand Chunilal	Mr. Karamchand Chunilal ..	Share Broker	Sital Mahal, 64, Walkeshwar Road, Bombay.
187	,, Kasturbhai Lalbhai ..	,, Kasturbhai Lalbhai ..	Millowner & Agent	Pankore's Naka, Ahmedabad.
188	,, Rustom Pestonji Masani ..	,, Rustom Pestonji Masani	General Merchant	Varsova, Via Andheri.
189	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath Pophale	Ginning & Pressing Factory	Malegaon (District Nasik).
190	Mr. Pannalalji Hiralalji ..	The Mahaboob Shahi Kulbarga Mills Co. Ltd.	Textile Mills	1727, Gunj Bazar, Secunderabad (Dn.)
191	,, M. L. Dahanukar ..	Messrs. M. L. Dahanukar & Co. Ltd. ..	Building Contractor	Shri Krishna Nivas, Kalbadevi Road, Bombay.
192	Sir Ardeshir R. Dalal, Kt...	The Tata Iron & Steel Co. Ltd.	Iron & Steel Manufacturers	Bombay House, Bruce Street, Fort, Bombay.
193	Mr. Karsandas Vissanji ..	Messrs. Vissanji Sons & Co.	Wheat and Flour Merchants	9, Wallace Street, Fort, Bombay.
194	,, Motilal Bawalal ..	Mr. Motilal Bawalal ..	Share Broker	Agakhan Building, Dalal Street, Fort, Bombay.
195	,, S. C. Majumdar ..	Hindusthan Co-operative Insurance Society Ltd.	Insurance	Commissariat Bldg., Hornby Road, Fort, Bombay.
196	,, Hargovandas Jeevandas ..	Mr. Hargovandas Jeevandas	Cotton Broker	Diamond Bldg., Lohar Chawl, Bombay.
197	,, Ebrahim Curmally ..	Messrs. Curmally Janmahomed ..	Import-Export	160-62, Samuel Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
198	Mr. N. W. Gurjar ..	Messrs. Kirloskar Bros. Ltd.	Manufacturers of Agricultural Implements	Kirloskarvadi (Dist. Satara).
199	,, M. L. Dahanukar ..	The Maharashtra Chamber of Commerce ..	Chamber of Commerce	Construction House, Ballard Estate, Fort, Bombay.
200	,, Jayantilal Devidas ..	Mr. Jayantilal Devidas ..	Iron	Carnac Bunder, Bombay.
201	Sir Dhanjisha B. Cooper, Kt.	Messrs. Cooper & Co., Ltd.	Manufacturers of Agricultural Implements	"Huntworth", Satara.
202	Mr. Reginald Heber Parker ..	Bombay Telephone Co. Ltd.	Telephones	Sir P. Mehta Road, Fort, Bombay.
203	,, G. K. Dalal ..	Messrs. Dalal & Mehta ..	Architects, Engineers and Surveyors	41, Medows Street, Fort, Bombay.
204	,, G. S. Mahomed ..	Mr. G. S. Mahomed ..	Import-Export and Consular Agent	P. O. Box No. 3052, Bombay 3.
205	,, Tulsidas Khimji ..	,, Tulsidas Khimji ..	Cotton	46, Churchgate Street, Fort, Bombay.
206	,, Jagmohandas J. Kapadia ..	,, Jagmohandas J. Kapadia	Share Broker	Agakhan Bldg., Dalal St., Fort, Bombay.
207	,, A. A. Jasdenvala ..	Messrs. Adamji Lookmanji & Co.	Iron, and Kerosene	Rahimtulla House, Homji St., Fort, Bombay.
208	Mr. D. Cowasji	Messrs. D. Cowasji & Co.	Wine, Provisions, Import and Army Contractors	20, Fort St., Fort, Bombay.
209	,, Harichand Manekchand Shah	,, Virchand Panachand & Co.	Import-Export	Gaumukh Bhuvan, Masjid Bunder Road, Bombay.
210	,, Khimji Madan Bhujpuria ..	The Bombay Grain Dealers' Association	Grain and Food Stuffs	Bhat Bazar, Mandvi, Bombay.
211	,, Nagindas Tribhowandas Master	Mr. Nagindas Tribhowandas Master	Solicitor	94, Medows Street, Fort, Bombay.
212	Sir Hormusji M. Mehta, Kt.	Messrs. H. M. Mehta & Co. Ltd.	Millowners and Merchants	Maneckji Wadia Building, Mahatma Gandhi Rd., Bom.
213	Mr. Manilal Mohanlal ..	,, Hemchand Mohanlal & Co.	Diamond Merchants	Dhanji Street, Bombay.
214	,, Erachshaw R. Heerjibehedin	Mr. Erachshaw R. Heerjibehedin	Press and Newspaper publishing	Kaiser-Chambers, Elphinstone Circle, Fort, Bombay.
215	,, Mangaldas B. Mehta ..	Messrs. Amarchand & Mangaldas	Solicitors	Lentin Chambers, Dalal Street, Fort, Bombay.
216	,, Dewjee Tokarsee Moolji	Mr. Dewjee Tokarsee Moolji	Rice	Bhat Bazar, Mandvi, Bombay.
217	,, Khatau Valabhdas ..	Messrs. Valabhdas Tejpal ..	Merchant and Commission Agent	219, Vadgadi, Bombay.
218	,, Rustom F. Cowasjee ..	,, Cowasjee & Sons ..	Stevedores and Coal Merchants	Kimari, Karachi.
219	,, Choonilal Girdharlal ..	,, Choonilal Manilal Ltd.	Coal Merchants	Yusuf Building, Mahatma Gandhi Road, Fort, Bom.
220	,, Ratilal Mulji Gandhi ..	The Seeds Traders' Association ..	Oilseeds	Jenabai Building, Musjid Bunder Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
221	Sir Chunilal V. Mehta, K.C.S.I.	Sir Chunilal V. Mehta, K.C.S.I.	Mill Agent and Merchant	Queen's Mansion, Presscott Road, Fort, Bombay.
222	Mr. Amritlal Popatbhai ..	Messrs. Amritlal Popatbhai & Co.	Share Brokers	Agakhan Building, Dalal St., Fort, Bombay.
223	,, Ranchhoddas Jethabhai	,, Ranchhoddas Jeyram & Sons	Rice and Commission Agents	Dongri Street, Bhat Bazar, Bombay.
224	,, B. K. Setalvad ..	The Indian Insurance Companies' Association	Insurance	Jehangir Wadia Building, Mahatma Gandhi Road, Bom.
225	,, Morarji Padamsey ..	Mr. Morarji Padamsey ..	Millowner & Agent	Laxmi Bldg., Sir P. Mehta Road, Fort, Bombay.
226	,, Thakordas Nanabhai Merchant	,, Thakordas Nanabhai Merchant ..	Solicitor	Lamington Chambers Lamington Road Bombay.
227	,, Purshotam Jethabhai	Messrs. Khimji Poonja & Co.	Share and Cotton Brokers	19-21 Dalal Street, Fort, Bombay.
228	Sir Cowasji Jehangir, Bart.	Sir Cowasji Jehangir, Bart.	Merchant and Landlord	Readymoney Mansion, Churchgate St., Fort, Bom.
229	Mr. Balwantrai Mehta ..	Messrs. Saurashtra Ltd. ..	Printers and Publishers	C/o Praja Parishad, Gogo Gate, Bhavnagar.
230	,, Dhansukhlal C. Mehta	,, Mehta Vakil & Co.	Share Brokers	Dalal Street, Fort, Bombay.
231	,, Abdultyeb E. Muskati	Mr. Abdultyeb E. Muskati	General Merchant	Muskati House, Mahomedally Road, Bombay.
232	Mr. Venkatnarayan Patruni	Mr. Venkatnarayan Patruni	Art Silk Yarn	275, Telang Road, Matunga, Bombay.
233	,, Cassumally Munjee ..	Messrs. Munjee Nathoobhoy & Co.	Cotton and Kerosene	Munjee House, 18-20 Rampart Row, Fort, Bombay.
234	,, K. J. Divecha	,, Wright & Co. ..	Chemists & Druggists	Mint & Frere Road, Fort, Bombay.
235	,, Premjee Devjee.. ..	,, Devjee Khetsey & Co.	Rice Merchants	New Chinch Bunder Road, Bombay.
236	,, Naranlal Jiwanlal ..	The Ahmedabad New Standard Mills Co. Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.
237	,, Mahomad Husein Hasham Premji	The Bombay Rice Merchants' Association	Rice	Carnac Bunder, Bombay.
238	,, Shah Shamji Vallabhji	Mr. Shah Shamji Vallabhji	Piecegoods and selling agent to mills	Mulji Jetha Market, Dharamraj Gally, Bombay.
239	,, P. A. Narielwala ..	The Tata Oil Mills Co. Ltd.	Oilmillers and Toilet requisites manufacturers	Bombay House, Bruce Street, Fort, Bombay.
240	,, Hargovindas B. Kotak	Messrs. Kotak & Co. ..	Cotton Export	Navsari Building, Hornby Road, Fort, Bombay.
241	,, Harilal Ramji Mehta	The Bombay Iron Merchants' Association	Iron	Carnac Bunder, Bombay.
242	Capt. J. D. Kothawala, J.P.	Messrs. Polson Limited ..	Coffee & Butter Manufacturers	Lloyd Bldg., Dougall Rd., Fort, Bombay.
243	Mr. Manekshah N. Pochkhanawalla	,, Wadia Ghandy & Co.	Solicitors	123, Mahatma Gandhi Road, Fort, Bombay.
244	,, Bhogilal C. Shah	The Chamber of Income-tax Consultants ..	Income-tax Experts	418, Kalbadevi Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
245	Mr. Shantikumar Narottam Morarjee	The Indian National Steamship Owners' Association.	Shipping	Scindia House, Dougall Rd., Ballard Estate, Fort, Bom.
246	,, Dharamdas Samaldas Purbhoodas	Mr. Dharamdas Samaldas Purbhoodas	Share Broker	Plot No. 15, Sea View, Worli, Bombay.
247	,, Nandlal M. Bhuta ..	Messrs. M. Bhuta & Co. ..	Export of Indian Produce	88, Musjid Bunder Road, Mandvi, Bombay.
248	,, Nadirshaw Kawasjee ..	The Godrej Soaps Ltd. ..	Merchants and Import-Export	121, Mahatma Gandhi Road, Fort, Bombay.
249	Sir Dossabhoy H. Bhiwandiwalla, Kt.	Messrs. Hormasji Manekji, Dossabhoy Hormasji Bhiwandiwalla & Co.	Excise Contractors and Salt Manufacturers	583, Chira Bazar, Bombay.
250	Mr. Jehangir B. Manekji	The General Engineering Corporation, Ltd. ..	Electrical Engineers	Mubarak Manzil, Apollo St., Fort, Bombay.
251	,, C. G. Fozdar	The Asian Assurance Co. Ltd.	Insurance	Asian Building, Ballard Estate, Fort, Bombay.
252	,, Ratilal Nathalal ..	Mr. Ratilal Nathalal ..	Mill Agent	C/o The New Commercial Mills Co., Ltd., P. O. Railwaypura, Ahmedabad.
253	,, Sakarlal Balabhai ..	The Sarangpur Cotton Mfg. Co. Ltd.	Textile Mills	Ahmedabad.
254	,, Motilal H. Parikh ..	Messrs. Lallubhai Amichand	Aluminium, Brass & Copper Utensils Manufacturer	554, Kansara Chawl, Pydhonie, Bombay.
255	Mr. Haridas D. Khimji ..	Messrs. S. Mitra & Co. ..	Import of Electro-plating & Metal-polishing Machinery	210, Kelewadi, Girgaum Road, Bombay.
256	,, Byramjee Hormusjee	The Zenith Life Assurance Co. Ltd. ..	Life Assurance	Manekji Wadia Bldg., Mahatma Gandhi Rd., Bom.
257	,, Motiram Narayan Desai	Messrs. Anant Shivaji Desai	Aluminium & German Silver Utensils Manufacturer	Moti Bazar, Bombay.
258	,, Pranjivandas U. Patel	National Insurance Co. Ltd.	Insurance	National Insurance Building, Hornby Rd., Fort, Bom.
259	,, D. P. Tata	The Bombay Kariana Merchants' Association	Spices	222-4, Vadgadi, Mandvi, Bombay.
260	,, Goolamhusain Ebrahim Matcheswala ..	The Indian Match Manufacturers' Association	Matches	121, Nagdevi Street, Bombay.
261	,, Vithaldas Kanji ..	The Wallace Flour Mills Co. Ltd.	Flour Mill	9, Wallace Street, Fort, Bombay.
262	,, Kantilal Sitaldas ..	Messrs. Sitaldas Tirathdas ..	Shroffs & Exchange Brokers	64, Multani's Wadi, Walkeshwar Road, Bombay.
263	,, Hassanally Shermahomed ..	Mr. Hasanally Shermahomed	General Merchant and Matches	39, Pydhonie Road, Khadak, Bombay.
264	,, Dharamdas Hargovandas ..	,, Dharamdas Hargovandas	Merchant and Landlord	Diamond Bldg., Lohar Chawl, Bombay.
265	,, Bhogilal Hargovindas Patel	Messrs. Das & Co.	Millstores and Chemicals	59, Apollo St., Fort, Bombay.
266	,, Mahomedbhoy Ebrahim	,, Ebrahim Currim & Sons	Umbrella Merchants & Manufacturers	Rahim Building, Princess Street, Bombay.
267	Dr. Kalimudin	The Bombay Soap Factory	Soap Manufacturers	Ripon Road Cross Lane, Madanpura, Bombay.

No.	Representative.	Member.	Trade.	Address.
268	Mr. A. G. Gray	The Bank of India Ltd. ..	Bankers	Hornby Road, Fort, Bombay.
269	,, Nandvadan Jhaverilal Gor ..	Mr. Nandvadan Jhaverilal Gor	Insurance Agent	Mherwan Building, Sir P. Mehta Rd., Fort, Bombay.
270	,, S. B. Dalal	Messrs. Birla Bros. Ltd. ..	Import-Export	Apollo Street, Fort, Bom.
271	,, N. J. Shah	The Bombay Mutual Life Assurance Society Ltd.	Insurance	Bombay Mutual Bldg., Hornby Road, Fort, Bom.
272	,, A. S. Trollip	The Bombay Electric Supply & Tramways Co. Ltd.	Electric Power Supply & Traction	Electric House, Fort, Bom.
273	,, Purshotamdass Popatlal	Messrs. Purshotamdass Popatlal & Co.	Import-Export	Currimbhoy House (East) Outram Road, Fort, Bom.
274	,, Jethmal Thakursingh Lalvani	,, J. B. Advani & Co. Ltd.	Paper Merchants	27, Mangaldas Rd., Bombay.
275	,, H. Edwin Jones ..	The Oriental Govt. Security Life Assurance Co. Ltd.	Insurance	Fort, Bombay.
276	,, N. B. Mehta	The Central India Spg. Wvg. & Mfg. Co. Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
277	,, H. N. Vakil	The Andhra Valley Power Supply Co. Ltd.	Electric Power Supply	Do.
278	,, N. B. Davar	The Tata Power Co. Ltd. ..	Do.	Do.
279	Mr. V. C. Setalvad ..	Mr. V. C. Setalvad.	Insurance Agent	C/o The Industrial & Prudential Assurance Co. Ltd., Jehangir Wadia Bldg., Mahatma Gandhi Rd., Bom.
280	,, Chiranjilal Loyalka ..	Messrs. R. B. Loyalka. .	Cotton and Share Brokers	New Stock Exchange Bldg, Share Bazar, Fort, Bom.
281	,, Ebrahim Dawood Kazi	Mr. Ebrahim Dawood Kazi	Timber	Pine Mansion, Mazagaon, Bombay.
282	,, Dorab R. Davar ..	Messrs. Cornelius & Davar ..	Public Accountants and Auditors	80, Mahatma Gandhi Road, Fort, Bombay.
283	,, Amritlal Hargovandas	Messrs. Hargovandas Lakhmichand ..	Bankers, Shroff and Grain Merchants	Manek Chowk, Ahmedabad.
284	,, Albert Smith	The British India General Insurance Co. Ltd.	Insurance	35-43, Churchgate Street, Fort, Bombay.
285	,, Harivallabhdas Kalidas	Messrs. Shri Ambica Mills Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.
286	,, Narotam Vithal Purshotum ..	,, Vithal Purshotum & Son ..	Iron Founders and Engineers	Pais Street, Clark Road, Bombay.
287	,, W. G. Groundwater ..	The Bank of Baroda Ltd.	Bankers	Baroda.
288	,, Bapalal P. Parakh ..	The Ahmedabad Jupiter Spg. Wvg. & Mfg. Co. Ltd.	Textile Mills	Dadhechi Road, Ahmedabad.
289	,, Shivlal Narpatlal Maniar	Shri Mahajan Association Ltd.	Cotton	Patwa Chawl, Sheikh Memon Street, Bombay.
290	,, Jaysinglal P. Mehta ..	Mr. Jaysinglal P. Mehta ..	Shipping	C/o The Bombay Steam Navigation Co., Ltd., 100, Frere Road, Bombay.
291	,, Anandji Haridas ..	Messrs. Anandji Haridas & Co. Ltd. ..	Iron	Argyle Road, Carnac Bunder, Bombay.

No.	Representative.	Member.	Trade	Address.
292	Mr. Chamanlal Popatlal Mehta	Messrs. C. Mehta & Co. ..	Mill and Gin Stores	Ghelabhai Mansion, Chaupatty, Bombay.
293	,, Narandas Ranchhordas Cantol	Mr. Narandas Ranchhordas Cantol ..	Share & Stock Broker	C/o Chugondas & Co., 17, Elphinstone Circle, Fort, Bom.
294	,, Damodar M. Gandhi ..	Messrs. Gandhi & Co. ..	Coal Merchants	94, Medows Street, Fort, Bombay.
295	,, Jayantilal Girdharlal Shah	Mr. Jayantilal Girdharlal Shah ..	Insurance Agent	Raghasutaria Pole, Khadia, Ahmedabad.
296	,, Madhukar Gulabshanker Bakshi ..	,, Madhukar Gulabshanker Bakshi ..	Do.	C/o Sir Chinubhoy Madhavlal, Gandhi Road, Ahmedabad.
297	,, Krishnaprasad C. Desai	The Hukumchand Insurance Co. Ltd. ..	Insurance	Jehangir Wadia Bldg., Mahatma Gandhi Rd., Bom.
298	,, Mathuradas Dwarkadas	Mr. Mathuradas Dwarkadas	Piecegoods	Ewart House, Tamarind Lane, Fort, Bombay.
299	,, Madhavsinh Kanji ..	The Acme Mfg. Co. Ltd. ..	Manufacturers of Metal wares	9, Wallace Street, Fort, Bombay.
300	,, Pratapsinh Mathuradas	Messrs. Vissanji Khimji & Co.	Cotton	9, Wallace Street Fort, Bombay.
301	,, Gopallal Chhotalal Kothari	,, Chimanlal Desai & Co. ..	Import and Merchants	Gool Mansion, Homji Street, Fort, Bombay.
302	Mr. Purshottam Meghji ..	Messrs. Purshottam Bhanji & Co. ..	Gunny and Hessian Merchants	Old Bardan Gully, Isaji Street, Bombay.
303	,, Hariram Jethabhai ..	Mr. Hariram Jethabhai ..	Merchant	Jethabhai Bldg., Soparibaug Road, Parel, Bombay.
304	,, Virchand Meghji ..	,, Virchand Meghji ..	Cotton	C/o Messrs. Gill & Co., Ballard Estate, Fort, Bombay.
305	,, Choonilal Dahyabhai	Messrs. Choonilal Dahyabhai & Co.	Chemists & Druggists	Princess Street, Bombay.
306	,, Devchand D. Shethia	The Eastern Steam Navigation Co. Ltd.	Shipping	24, Mangalore Street, Fort, Bombay.
307	,, Umakant Shrirang Desai	Mr. Umakant Shrirang Desai	Stock Broker	Agakhan Building, 26, Dalal Street, Fort, Bombay.
308	,, G. M. Bhuta	Messrs. Master, Sathe & Bhuta ..	Chartered Architects and Surveyors for Insurance Cos.	Hamam Street, Fort, Bombay.
309	,, Maneklal Pranlal Shah	The Gold Filled Leather Works ..	Leather & Canvas goods manufacturers	Bhangwadi, Kalbadevi Road, Bombay.
310	,, G. I. Patel	Messrs. Gordhandas Desai & Co.	Manufacturers' Agents in Scientific Instruments	Kermani Building, Sir P. Mehta Rd., Fort, Bombay.
311	,, N. B. Bhagat ..	,, Bhagat & Sons ..	Engineers and Contractors	Sewri, Fort Road, Bombay.
312	,, Vijaysinh Govindji ..	The Indian Globe Insurance Co. Ltd.	Insurance	Prospect Chambers, Hornby Road, Fort, Bombay.
313	,, Pallanji Pestonji ..	Messrs. Muncherji Vadilal & Co.	Carting Contractors	New Cotton Depot, Sewree, Bombay.
314	,, Shavakshaw Fakirji Dhalla.	,, Fakirji Rustomji & Sons	Railway Contractors	Carnac Bridge Goods Station, Bombay.

No.	Representative.	Member.	Trade.	Address.
315	Mr. Pratapray Manmohandas ..	Messrs. Pratapray Amritlal & Co.	Cotton Brokers	Ranchhoddas Tribhovandas Bldg., Marwari Bazar, Bom.
316	,, Mathradas Haridas ..	,, Damodar Anandji ..	Hemp Merchants	66, Karwar Street, Fort, Bombay.
317	,, Mahomed Husein Hasham Premji ..	,, Hashambhai Premji..	Rice	Rice Godown, Carnac Bunder, Bombay.
318	,, Kaikhusru A. Dubash	,, Ardeshir B. Cursetjee & Sons ..	Merchants	6, Rampart Row, Fort, Bombay.
319	,, Madhavji Hariram ..	,, Manilal Mooljee Rangwalla	Colour Merchants	Samuel Street, Vadgadi, Bombay.
320	,, Laxmidas Bhawanidas Vora ..	Mr. Laxmidas Bhawanidas Vora	Landlord and Merchant	65-69, Old Hanuman Lane, Bombay.
321	,, Govindji A. Meisheri ..	Messrs. Shamji Karamsi & Co.	Cotton Merchants and Exporters	27, Chinchbunder Road, Bombay.
322	,, Thackersey Hirji Nensey	,, Hirji Nensey & Co. ..	Cotton Merchants	7, Elphinstone Circle, Fort, Bombay.
323	,, B. D. Sardesai ..	The Hindustan Construction Co. Ltd.	Building Contractors	Construction House, Ballard Estate, Fort, Bombay.
324	,, Rantanchand Khimchand Motishaw ..	Messrs. R. K. Motishaw	Share and Stock Brokers	Motilal Mansion, Apollo Street, Fort, Bombay.
325	Mr. T. G. Patel	The Indian Hume Pipe Co. Ltd.	Manufacturers of Reinforced Concrete Pipes	Sholapur.
326	,, Lalchand Hirachand	Mr. Lalchand Hirachand ..	Agriculture and Sugar manufacture	Post Ravalgaon (Dt. Nasik).
327	,, Thakorlal H. Vakil ..	Messrs. Vakil Brothers ..	Coal Merchants	15, Hamam St., Fort, Bom.
328	,, R. G. Saraiya ..	The Broach City Press Co. Ltd. ..	Cotton Ginning and Pressing	Navsari Chambers, Outram Road, Fort, Bombay.
329	,, Narottam Keshavlal Shah ..	Mr. Narottam Keshavlal Shah ..	Piecegoods	C/o Messrs. Savailal Maneklal, M J.Mkt.,NarainChowk,Bom.
330	,, D. M Soni	The Northland Sports Works	Sports goods manufacturers	Sialkot (Punjab).
331	,, Ratilal T. Parekh ..	The Muccadam Association	Clearing & Forwarding	Wakefield House, Sprott Rd., Ballard Estate, Bombay.
332	,, A. P. Patwardhan ..	Messrs. Annar & Co. ..	Soap Manufacturers & General Analytical Chemists	Jhaveri Villa, Gilder Lane, Lamington Rd. North, Bom.
333	,, F. C. Talwar	Mr. F. C. Talwar	Export	Bhagwandas Gardens, Civil Station, Gujranwalla(Punjab)
334	,, Ramdas Khimji ..	Messrs. Ramdas Khimji Bros.	Cotton Merchants and Cotton Ginning & Pressing	Albert Bldg. Hornby Road, Fort, Bombay.
335	,, F. E. Patanwala ..	,, E. S. Patanwala ..	Perfumery & Toilet requisite manufacturer	182-184, Abdulrehman St., Bombay.
336	,, S. C. Banerji. ..	,, Marsland Price & Co. Ltd.	Reinforced Concrete Specialists and Sugar manufacture	Construction House, Wittet Road, Ballard Estate, Fort, Bombay.
337	,, Chhotabhai S. Patel ..	The Swastik Oil Mills Ltd. ..	Oil Mills and By-products	27, Bastion Road, Fort, Bombay.

No.	Representative	Member.	Trade.	Address.
338	Mr. Mahadev M. Singhi ..	The Cotton Agents Ltd. ..	Merchants & Commission Agents	Apollo Street, Fort, Bombay.
339	„ Amratlal Kalidas ..	Mr. Amratlal Kalidas ..	Share Broker	New Stock Exchange Bldg., Dalal St., Fort, Bombay.
340	„ Harilal Narottam Contractor	Messrs. Ranchhodji Ramji & Co.	Building and Constructional Contractors	Chikalwadi, Bombay.
341	„ Purshotamdas Harkisondas ..	The Bombay Cotton Merchants & Muccadums Association, Ltd.	Cotton, Clearing & Forwarding	Cotton Exchange, Sewree, Bombay.
342	„ Jamnadas Meghji ..	Messrs. Jamnadas Meghji & Co.	Import-Export and Manufacturers' Representatives	15, Bastion Road, Fort, Bombay.
343	„ Hirji Lakhmidas ..	Mr. Hirji Lakhmidas ..	Cotton Waste Merchant	C/o Virji Peraj Maskai, Maskai Bldg., 106, Bhandari St., Bom.
344	„ Valjee Ladha	Messrs. Valjee Ladha & Co.	Cotton Merchants & Commission Agents	Dongri St., Mandvi, Bombay.
345	„ Premchand C. Bhayani	„ Jamnadas Chaturbhuj & Bro. ..	Mill & Gin Stores	55, Nagdevi Cross Lane, Bombay.
346	„ Ramji Ravji ..	„ Narsi Nagsee & Co.	Cotton Merchants	3, Chinch Bunder, Bombay.
347	„ Mancherji N. Cama ..	Mr. Mancherji Nasarvanji Cama ..	Newspapers and publishing	Cama Chamber, Medows Street, Fort, Bombay.
348	Mr. T. Acharya ..	The Lakshmi Insurance Co. Ltd. ..	Insurance	Laxmi Bldg., Sir P. Mehta Road, Bombay.
349	„ Nariman K. Santoke	Messrs. Mulla & Mulla ..	Solicitors	51, Mahatma Gandhi Road, Fort, Bombay.
350	Rai Bahadur Jagmal Raja	Rai Bahadur Jagmal Raja ..	Glass Works and Colliery	The Bombay Glass Works, Matunga, Bombay.
351	Mr. Chimanlal Bapalal Parikh ..	The Bombay Uganda Co. Ltd.	Cotton	28, Apollo Street, Fort, Bombay.
352	„ Chandulal P. Parikh	Messrs. C. Parakh & Co. ..	Do.	28, Apollo Street, Fort, Bombay.
353	„ Vishram Walji ..	„ Walji Bhimji & Sons	Engineers and Contractors and Coal Merchants	Junnordeo (Dist. Chhindwara C. P.).
354	„ Sikander Khan Dehlavi	The Eastern Federal Union Insurance Co. Ltd. ..	Insurance	Rahimtoola House, Homji Street, Fort, Bombay.
355	„ Vallabhdas Vasanji ..	The Bombay Malabar Kariana Merchants' Association	Spices	Katha Bazar, Bombay.
356	„ Bhulabhai J. Desai ..	Mr. Bhulabhai J. Desai ..	Advocate	89, Warden Road, Bombay.
357	„ Maganlal Bhikhabhai Patel ..	The New Rajpur Mills Co. Ltd. ..	Textile Mills	Gomtipur Rd., Railwaypura, Ahmedabad.
358	„ Chimanlal Bhogilal Desai ..	The Sagar Movietone Co.	Talkie Producers	68, Nepeansea Road, Bombay.
359	„ Navalchand Tarachand Shah ..	Mr. Navalchand Tarachand Shah	Share, Stock and Finance Broker	102, New Stock Exchange Bldg., Apollo St., Fort, Bom.
360	„ Madanlal Paliram ..	Messrs. Brijlal Madanlal ..	Cotton	C/o Messrs. Harnandrai Ramnarayan, Kalbadevi Rd., Bom.

No.	Representative.	Member.	Trade.	Address.
361	Mr. Shantilal Vadilal ..	Messrs. Shantilal Vadilal & Co.	Mill and Gin Stores	Ellis Bridge, Kalyan Society, Ahmedabad.
362	,, Mansukhlal Sukhlal Tarwala ..	Mr. Mansukhlal Sukhlal Tarwala	Share Broker	48, Marwari Bazar, Bombay.
363	,, Kalidas Jasraj ..	Messrs. Kalidas Jasraj ..	Cotton	Marwari Bazar, Bombay.
364	,, Chunilal Pranjiwandas	,, Bhawanji Lakhmidas & Co.	Cotton and Commission Agents	72-80, Musjid Bunder Road, Bombay.
365	,, Nanji Kalidas	,, Shamji Kalidas & Co.	Merchants, Commission Agents and Exporters	12, Champa Galli, Mulji Jetha Bldg., Bombay.
366	,, Chandulal Kasturchand	,, Chandulal Kasturchand ..	Cotton	Cotton Exchange Building, Room Nos. 506-507, Marwari Bazar, Bombay.
367	,, Ramanbhai Manibhai	,, Chimanlal Premchand	Cotton and Commission Agents	Piperdi's Pole in Hajapatel's Pole, Ahmedabad.
368	,, Chandulal Laxmichand Khokhani	,, Chandulal L. Khokhani & Co. ..	Manufacturing Jewellers	167-69 Sheikh Memon Street, Bombay.
369	,, Mangulal Trikamlal Parikh	,, Bapulal Trikamlal Parikh ..	Shroffs and Commission Agents	Ganeshwadi, Bombay.
370	,, Bhanji Devji Khimji	The Arjan Khimji Ginning & Pressing Co. Ltd.	Cotton	Western India House, Sir P. Mehta Rd., Fort, Bombay.
371	Mr. Moolji Dayal	Shree Sajjan Mills Ltd. ..	Textile Mills	28, Apollo Street, Fort, Bombay.
372	,, Jethabhai J. Kotak ..	Messrs. Purshotamdas Madhavani & Co.	Import-Export	8, Elphinstone Circle, Fort, Bombay.
373	,, Murarji Jadavji Vaidya	,, Hansraj Sons ..	Millowners and Agents	Bombay Silk Mills, Colaba, Bombay.
374	,, Ratilal T. Thakkar ..	,, Ratilal & Co. ..	Cotton	Opp. New Cotton Exchange, 1-3, Bhuleshwar Corner, Bom.
375	,, Durlabhji Umedchand Parikh	,, Durlabhji Umedchand Co.	Cotton, Seeds and Bullion Brokers	177-79 Kalbadevi Road, Bombay.
376	,, Mohanlal A. Parikh ..	,, Mohanlal Hargovinddas & Co.	Shroff and Commission Agents	51, Dadyshet Agiari Street, Bombay.
377	,, E. S. Marker ..	,, S. D. Marker & Co. ..	Sanitary Engineers and Contractors	Ismail Building, Hornby Road, Fort, Bombay.
378	,, Padmakant Jekisondas Shroff	Mr. Padmakant Jekisondas Shroff	Share & Stock Broker	Cama Building, Dalal Street, Fort, Bombay.
379	,, Kalyanji Mavji ..	,, Kalyanji Mavji ..	Coal Merchant	55, Apollo St., Fort, Bombay.
380	,, Harkishandas Narottamdas ..	Messrs. Narottamdas Premchand & Sons	Wholesale Grain & spices Merchants	Bhawani Peth, Poona City.
381	,, K. B. Mehta	Mr. Kantilal Balabhai Mehta	Shipping (Branch Manager, B.S.N. Co.)	Bhavnagar Para.
382	,, K. C. Desai	,, Keshavprasad Chhotalal Desai	Insurance (Manager of Insurance Companies)	Industrial & Prudential Assurance Co. Ltd., 61, Mahatma Gandhi Road, Fort, Bombay.
383	,, Dinsha D. Shroff ..	,, Dinsha D. Shroff	Auditor	Mahalaxmivala Bldg., Churchgate Reclamation, Bombay.

No.	Representative.	Member.	Trade.	Address
384	Mr. Jethalal D. Dave, Vaidya	Mr. Jethalal D. Dave, Vaidya	Ayurvedic Medicines	Gandhi Road, Ahmedabad.
385	,, Harivadan Thakore ..	The Indian Cotton Oil Mill	Cottonseeds crushing	Navsari.
386	,, Chandulal Sarabhai Modi.	Messrs. Sarabhai & Co.	Importing Agents	Elphinstone Circle, Fort, Bombay.
387	,, Bhikhabhai Laxmidas	The Bombay Oil Merchants' Association ..	Oil	C/o Mulji Jaitha & Co., Katha Bazar, Bombay.
388	,, Ambalal Bhogilal Parikh	The Metal Exchange Association	Metals	42, Marwadi Jamnadas Bansidher's Mala, 2nd Bhoiwada, Bhuleshwar, Bombay.
389	,, P. Ranchhoddas ..	Sunderdas Saw Mills ..	Furniture Manufacturers	Opp. Reay Road Station, Bombay.
390	,, Jivanlal Chunilal Chinai	Messrs. Nagindas Fulchand Chinai	Raw Silk	Chinai Bldg., 79, Musjid Bunder Road, Bombay.
391	,, *N. H. Pujara* ..	,, Ahmed Oomerbhoy	Oil Millers and Exporters	Two Tanks, Grant Road, Bombay.
392	,, V. H. Hazarat ..	,, Hazarat & Co. ..	Export of Indian Yarn and Import of foreign yarns, etc.	106, Cowasji Patel Street, Fort, Bombay.
393	,, Ravjibhai Nathabhai Amin	Indo-Stationery Mart.. ..	Stationers & Printers	Rahimtoola House, Homji Street, Fort, Bombay.
394	Mr. S. K. Khandwala ..	Messrs. Manilal Mohanlal Parikh	Mill & Gin Stores	C/o Ramchandra & Co., Kapasia Bazar, Ahmedabad.
395	,, Dwarkadas Haridas Vakharia	,, Popatlal Ghellabhai & Co.	Hosiery	104, Chakla Street, Bombay.
396	,, Lakhamsi Ghelabhai Shah	,, Lalji Poonsi & Co. ..	Grain and Rice	3, Chinch Bunder Road, Bombay.
397	,, Jadavji Narshidas ..	,, Narshidas Jagjivandas	Cotton and Seeds	Danapith, Bhavnagar (Kathiawar).
398	,, Parbhulal Chunilal Shah	,, Trivedi Shah & Co. ..	Insurance Representatives and Commission Agents	Lalgir Mansion, Tamarind Lane, Fort, Bombay.
399	,, Harilal J. Trivedi ..	,, Chhaganlal Khimji & Co. ..	Flour Merchants	Duncan Road, Bombay.
400	,, Bisheshwar Dayal Mukatlal	,, Jugalkishore Mukatlal	Cotton, Seeds and Grain Merchants & Brokers	178-80, Kalbadevi Road, Bombay.
401	,, Premji Keshavji ..	Mr. Premji Keshavji ..	Cotton and Commission Agent	Latur (B. L. Rly.)
402	,, Purshottambhai Surchand ..	Messrs. Purshottam Surchand	Bankers, Commission Agents, Grain, Seeds & Cotton.	Mangaldas Road, Princess Street, Bombay.
403	,, Govindramji	,, Govindram Seksaria	Bankers and Commission Agents	Bansilal Abeerchand Bldg., 18, Marwari Bazar, Bombay.
404	,, Gordhandas Jamnadas	,, Gordhandas Jamnadas & Co.	Seeds and Wheat	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
405	,, Shriman Shripat ..	,, Shripat Gordhandas & Sons	Share & Stock Brokers	Forbes Bldg., Home Street, Fort, Bombay.
406	,, Haridas Madhavdas ..	,, Madhavdas Amersey & Co. ..	Cotton	65, Mahatma Gandhi Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
407	Mr. Hemraj Anandilal ..	Messrs. Anandilal Hemraj & Co. ..	Cotton	Cotton Exchange Building, Room No. 803, Marwari Bazar, Bombay.
408	,, Harbilas Shambhooram	,, Harbilas Gangadutt ..	Commission Agents and Brokers	220/24, Kalbadevi Rd., Opp. Nar Narayan Temple, Bom.
409	,, Gangaram Agarwala	,, Shivdanmal Agarwala	Brokers and Commission Agents	336B, Surajmal Chawl, Kalbadevi Road, Bombay.
410	,, Parmeshwarlal Duwarkadass ..	,, Basantlal Gorakhram	Shroffs and Commission Agents	Raj Mahal, Bhuleshwar, Bombay.
411	,, Ratansey Karsondas ..	,, Madhavsinh & Co. ..	Flour Merchants	Two Tanks, Duncan Road, Bombay.
412	,, Hansraj Goculdas ..	,, Mathuradas Kanji ..	Merchants and Muccadums	9, Wallace Street, Fort, Bombay.
413	,, Ghelabhai Soonderji ..	,, Monji Soonderji ..	Piecegoods	71/73, Chakla Street, Bombay.
414	,, Chandulal Kalidas Shah	Mr. Chandulal Kalidas Shah	Mill and Gin Stores	653, Gandhi Road, Ahmedabad.
415	,, Chandulal Bapalal Chokshi	,, Chandulal Bapalal Chokshi	Share Broker	Dhana Sutar's Pole, Kalupur, Ahmedabad.
416	,, Chhabildas V. Gajjar	Messrs. Mistry & Gajjar (India) Ltd.	Engineering	Kapasia Bazar, Railwaypura Post, Ahmedabad.
417	Mr. Hiralal N. Desai ..	Messrs. H. Desai & Co. ..	Insurance Underwriters	3081 Gandhi Road, Khadia, Golvad, Ahmedabad.
418	,, Nandlal Chhaganlal ..	,, Dharamsi Dinkarrao & Nandlal	Solicitors	Fort Chambers, Dean Lane, Bombay.
419	,, Mahadeo A. Dhoria ..	,, Anand Jetha & Sons	Engineers, Builders and Contractors	No. 6, Moola Road, Kirkee.
420	,, Chandulal T. Shah ..	,, C. T. Shah & Co. ..	Insurance Agents	12, Rampart Row, Fort, Bombay.
421	,, Nemidas Dewjee Tokarsee ..	Mr. Nemidas Dewjee Tokarsee	Rice	C/o M/s. Dewjee Tokarsee & Co., Bhat Bazar, Bombay.
422	,, M. M. Mundkur ..	The Bombay Fire & General Insurance Co. Ltd.	Insurance	United India Life Bldg., Sir P. Mehta Rd., Fort, Bom.
423	,, Ramdas Girdhardas ..	Messrs. Ramdas Girdhardas & Co. ..	Piecegoods	M. J. Market, Ghadial Galli, Bombay.
424	,, Gordhandas Jadavji ..	,, Doongarsi Gangji & Co.	Commission Agents and Merchants	84, Musjid Bunder Road, Bombay.
425	,, S. D. Prabhavalkar ..	Mr. S. D. Prabhavalkar ..	Engineer and Contractor	166, Bible House, Hornby Road, Fort, Bombay.
426	,, Dorab Framji Kapadia	,, Dorab Framji Kapadia	Textile Industry	24, Walkeshwar Road, Malbar Hill, Bombay.
427	,, Dungarsi Ravjee ..	Messrs. Ravjee Dhanjee & Co.	Rice & Grain	Clive Road, Dana Bunder, Bombay.
428	,, Jamnadas M. Rajput	Allied Advertising Association of India ..	Publicity Consultants	Commissariat Building, Hornby Rd., Fort, Bombay.
429	,, Nariman D. Adenwalla	Messrs. Nariman D. Adenwalla & Co. ..	Accountants and Auditors	418, Chhotalal Bhuvan, Kalbadevi Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
430	Mr. Vasantrai A. Ojha	Messrs. Amritlal Ojha & Sons ..	Colliery	Rahman Bldgs., Churchgate Street, Fort, Bombay.
431	,, Jal Hirji Taraporevala	Mr. Jal Hirji Taraporevala	Bookseller, Publisher, etc.	C/o M/s. D. B. Taraporevala Sons & Co., 210, Hornby Road, Fort, Bombay.
432	,, Parshotamdass Popatlal	The Bombay Yarn & Silk Merchants' Association	Yarn and Silks	Tamba Kanta, Bombay.
433	,, Yacoob H. A. Lalljee	Messrs. Hooseinbhoy Abdoolabhoy Lalljee & Co.	Insurance Agents and Import-Export	Qunee's Mansion, Bastion Road, Fort, Bombay.
434	,, Bodh Raj Tannan	Mr. Bodh Raj Tannan	Chartered Accountant	Bank of Baroda Bldg., Apollo Street, Fort, Bombay.
435	,, Tribhuvandas Mathuradas Gandhi	The Bank of Hindustan Ltd.	Bankers	Bruce Street, Fort, Bombay.
436	,, Bhogilal Laherchand	The Bombay Diamond Merchants' Association	Diamonds	14-16, Khara Kuva, Javeri Bazar, Bombay.
437	,, Esmail A. G. Moloobhai	Messrs. Goolamhusein Moloobhai	Share, Stock & Exchange Brokers	76, Tamarind Lane, Fort, Bombay.
438	The Hon'ble Mr. Narayandas Girdhardas	The Hon'ble Mr. Narayandas Girdhardas	Insurance, Banking and Mining	Khooshaldas Gardens, Kilpauk, Madras.
439	Mr. Shantaram Raghunath Shirgaokar	Mr. Shantaram Raghunath Shirgaokar	Sugar manufacture	C/o Kolhapur Sugar Mills Ltd., Kolhapur—Shahupuri.
440	Mr. Ruttonshaw Pestonjee Dalal	Mr. Ruttonshaw Pestonjee Dalal	Incorporated & Registered Accountant	Trafford House, Prescott Road, Fort, Bombay.
441	,, R. S. Kodange	The Indian Bank Ltd.	Bankers	Sir P. Mehta Road, Fort, Bombay.
442	,, Nowrosji Maneckji Bhathena ..	Mr. Nowrosji Maneckji Bhathena ..	Consulting Chemist & Chemical Engineer	8, Reynolds Road, Byculla, Bombay.
443	,, B. S. Dabke ..	The Mahratta Chamber of Commerce and Industries	Chamber of Commerce	New Kitab Building, Laxmi Road, Poona City.
444	,, B. S. Dabke ..	Mr. B. S. Dabke ..	Piecegoods and Sugar	315, Vithalbhai Patel Road, Bombay.
445	,, J. L. Mehta ..	The Bombay Life Assurance Co. Ltd.	Life Assurance	45-47, Churchgate Street, Fort, Bombay.
446	,, Venkatrao Sista ..	Sista's Sales & Publicity Service	Sales Promotion and Advertising Service	12, Rampart Row, Fort, Bombay.
447	,, Gordhandas Bhagwandas	Mr. Gordhandas Bhagwandas	Share Broker	36A, Hughes Road, Bombay.
448	,, Bhaidas Maganlal ..	,, Bhaidas Maganlal	Share Broker	Giri Kunj, Hughes Road, Bombay.
449	,, Champaklal Nagindas Mashruvala	,, Champaklal Nagindas Mashruvala	Share Broker	Giri Kunj, Hughes Road, Bombay.
450	,, T. C. Thakore	Messrs. T. M. Thakore & Co.	Importers of Drugs, Patent Medicines etc.	ReadyMoney Mansion, Churchgate St., Fort, Bom.
451	,, Harkisondass Lukhmidass	,, Harkisondass Lukhmidass	Share & Stock Brokers	5, Dalal St., Fort, Bombay.
452	,, Jeram Thakersi Halai	Mr. J. T. Halai ..	Share & Stock Broker	107, Bazargate Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
453	Mr. Vadilal Chatrabhuj Gandhi	Messrs. Vadilal Chatrabhuj	Cloth Merchants & Mill Industry	Mulji Jetha Market, Krishna Chowk, Bombay.
454	,, Lallubhai G. Parikh	Mr. Lallubhai G. Parikh ..	Banking, Stock & Share, Gold & Silver	18, Walkeshwar Rd., Bombay.
455	,, Keshavlal Jethalal Majithia	,, Keshavlal Jethalal Majithia	Proprietor, Oriental Medical Stores	Princess Street, Bombay.
456	,, Ramanlal Chandulal Parikh	Messrs. Chandulal T. Parikh	Distributors of Lubricating Oils, Diesel Engines & Chemicals	299, Sandhurst Rd., Bombay.
457	,, Zaverilal Chhaganlal	Mr. Zaverilal Chhaganlal ..	Share & Stock Broker	298, Sandhurst Rd., Bombay.
458	,, Lalbhai Purshotamdas Patel	,, Lalbhai Purshotamdas Patel	Manufacturing Chemicals	100, Walkeshwar Road, Bombay.
459	,, Narandas Mavji	Messrs. Karsandas Narandas	Cotton	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
460	,, P. P. Adalja	Mr. P. P. Adalja	Engineer & Architect	Mustafa Bldg, Sir P. Mehta Road, Fort, Bombay.
461	,, Nanddas Haridas	Messrs. Maneklal Harilal Spg. & Mfg. Co. Ltd.	Spg. & Wvg. Mills	Ahmedabad.
462	,, Jayantilal Amratlal	The Ahmedabad Laxmi Cotton Mills Co. Ltd.	Spg. & Wvg. Mills	Shri Sadan, Ellis Bridge, Post Box 42, Ahmedabad.
463	Mr. A. Bose	The Hindustan Electric & Accumulators Mfg. Co. Ltd.	Manufacturers of Accumulators	Gustad Chambers, Sir P. Mehta Rd., Fort, Bombay.
464	,, Gopaldas P. Kapadia	Messrs. G. P. Kapadia & Co.	Registered Accountants & Auditors	Hamam House, Hamam St., Fort, Bombay.
465	,, Maganlal M. Shah	The Swastika General Trading Co.	Cotton Exporters & Importers	Embassy House, Sir P. Mehta Rd., Fort, Bombay.
466	,, Bhalubhai Dalsukhbhai Desai	The Ahmedabad Share & Stock Brokers' Association	Shares & Stock	Manek Chowk, Ahmedabad.
467	Rai Bahadur K. N. Bhandari	Rai Bahadur K. N. Bhandari	Mill Owner	C/o Bhandari Mills Ltd., Indore.
468	Mr. P. J. Billimoria	The Associated Cement Companies Ltd.	Cement Manufacture	Esplanade House, Waudby Road, Fort, Bombay.
469	,, Govindji Jevat ..	Messrs. Virji Ladha & Co.	Cotton Merchants & Exporters	19, Chinchbunder, P.O. Box No. 5024, Bombay.
470	,, Prabhashanker Ramchandra Bhatt	Mr. Prabhashanker Ramchandra Bhatt	Insurance & Landlord	Ramchandra Mansion, 487, Sandhurst Road, Bombay.
471	,, Rasiklal Somabhai Vakil	Messrs. Lalbhai Hirachand	Share & Stock Brokers	20, Dalal St., Fort, Bombay.
472	,, Mojilal P. Pandya	Mr. Mojilal P. Pandya ..	Banking	Netherland Trading Society, Royal Insurance Building, Churchgate Street, Fort, Bombay.
473	,, Mohanlal Kevaldas	,, Mohanlal Kevaldas ..	Silver Merchant	C/o Vadilal Chunilal, Bullion Exchange Hall, Bombay.
474	,, M. S. Pandit ..	,, Mahadeo Shivram Pandit	Machinery & Town Lighting Schemes	15, Forbes Street, Fort, Bombay.
475	,, Vasantram Jamietram Vakil	,, Vasantram Jamietram Vakil	Advocate	Lentin Chambers, Dalal St. Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
476	Mr. N. P. Motiwala ..	Messrs. Bennett & Co. ..	Auctioneers & Commission Agents	120, Apollo St., Fort, Bombay.
477	,, Khimjee Shamjee Popat	,, Keshowjee Muljee & Co.	General Insurance Brokers & Commission Agents	283, Samuel Street, Vadgadi, Bombay.
478	,, J. M. Atmaram Bhukhanvala	Mr. J. M. Atmaram Bhukhanvala	Solicitor	Lentin Chambers, Dalal St., Fort, Bombay.
479	,, D. M. Dahanukar	The Maharashtra Sugar Mills, Ltd.	Sugarcane growers and Sugar Manufacturers	Shri Krishna Nivas, Kalbadevi, Road, Bombay.
480	,, J. P. Mehta ..	The Bombay Steam Navigation Co. Ltd.	Shipping	100, Frere Road, Bombay.
481	,, R. C. Mehta ..	Mr. R. C. Mehta ..	Chief Auditor Municipal Corporation	Jarivala Building, Hughes Road, Bombay.
482	,, O. H. Gheewala ..	,, Ochchhavlal Harkisondas Gheewala	Banking	C/o National City Bank of N.Y., Hornby Road, Bom.
483	,, D. D. Eklahare ..	The Indian Paper Clips Co. Ltd.	Manufacturers of Paper Clips	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
484	,, M. K. Vatsaraj ..	The Property & Loans Ltd.	Property Owners' Financers	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
485	,, M. A. Fazalbhoy ..	Indian Motion Picture Producers' Association	To safeguard the interests of the Motion Picture Industry	1-B, Sir Mangaldas Estate, Lamington Road, Bombay.
486	Khan Saheb Hajee Haiderally Hajee Bachooally	Khan Seheb Hajee Haiderally Hajee Bachooally	Landlord	Bachooally House, Sandhurst Rd., East Dongri, Bombay.
487	Mr. R. C. Jalundhwala ..	Messrs. Batliboi & Purohit	Accountants & Auditors	National Insurance Bldg., Hornby Rd., Fort, Bombay.
488	,, Nanji Tokarsi ..	,, Kanji Jadhavji & Co.	Stevedores & Contrators	Broach Street, Dana Bunder, Bombay.
489	,, Atmaram Raoji Bhat	Mr. Atmaram Raoji Bhat	Journalist	568, Narayan Peth, Poona.
490	,, V. V. Ramaswamy ..	Messrs. V. V. Shunmuga Nadar & Bros.	Export of Grains & Pulses, etc.	74, Khand Bazar, Bombay.
491	,, Chimanlal Bhogilal ..	Mr. Chimanlal Bhogilal	Marble & Tiles	C/o C. Bhogilal & Co., Elphinstone Circle, Fort, Bombay.
492	,, R. Ramaswami ..	The Indian Stock Exchange, Ltd.	Stock Exchange	Lakshmi Bldg., Sir P. Mehta Road, Fort, Bombay.
493	,, Damoderdas V. Mehta	Messrs. Malvi Ranchoddas & Co.	Solicitors	Yusuf Bldg., Mahatma Gandhi Road, Fort, Bombay.
494	,, C. J. Soneji ..	Mr. C. J. Soneji	Textiles	Prasanna Nivas, Dadabhoy Road, Vile Parle (West).
495	,, Tansukhrai M. Karundia ..	Messrs. Ganeshnarayan Onkarmal	Merchants, Commission Agents	343, Kalbadevi Road, Bombay.
496	,, Pranlal Devkaran Nanjee ..	,, Devkaran Nanjee Banking Co., Ltd	Bankers	Elphinstone Circle, Fort, Bombay.
497	,, Birdhichand Saraogi	The Bombay Grains & Seeds Association, Ltd.	Linseed & Cotton	236, Kalbadevi Road, Bombay.
498	,, Maneklal Keshavlal ..	Mr. Maneklal Keshavlal	Share & Stock Broker	Kusum Nivas, Ghodbunder Road, Vile Parle.

No.	Representative.	Member.	Trade.	Address.
499	Mr. Nyalchand Tokarshi ..	Mr. Nyalchand Tokarshi	Banking	28, Manu Bhuvan, Kika Street, Bombay.
500	,, Nariman D. Sahukar	Messrs. Godrej & Boyce Mfg. Co., Ltd.	Manufacturer of Steel Safes etc.	Lalbaug, Parel, Bombay.
501	,, Ramanlal Dahyabhai	Mr. Ramanlal Dahyabhai	Shares & General	Laxmi Bldg., Sir P. Mehta Road, Fort, Bombay.
502	,, Ratilal Nathubhai ..	,, Ratilal Nathubhai	Shares & General	Sital Mahal, Walkeswar Rd., Bombay.
503	,, Maneklal Chunilal Shah	,, Maneklal Chunilal Shah	Shares & General	601, Cotton Exchange Bldg., Kalbadevi Road, Bom.
504	,, Kakalbhai Bhudardas Vakil ..	,, Kakalbhai Bhudardas Vakil	Share & Stock Broker	Sneha Sadan, Tilak Road, Santa Cruz, Bombay.
505	,, Girdharlal Trikamlal..	,, Girdharlal Trikamlal	Share & Stock Broker	Nemchand Bldg., Opp. Tilak Statue, Chaupatty, Bombay.
506	,, Dinshaw Behramji Irani	,, Dinshaw Behramji Irani	Provision Merchant	C/o The Empire Store, Crawford Market, Bombay.
507	,, Goculdas H. Mehta ..	Messrs. Harilal Manilal Co.	Commission Agents & Exporters	346, Kalbadevi Road, Bombay.
508	,, Raghavji Kanji ..	,, Kanji Shivji & Co.	Cotton Merchants & Exporters	116, New Chinch Bunder Road, Bombay.
509	Mr. Chunilal Krishnalal Sayta	Messrs. Chunilal Krishnalal & Co.	Cotton Brokers	608, Cotton Exchange B dg., Marwari Bazar, Bombay.
510	,, Bisesarlal Chirawawala	,, Bisesarlal Chirawawala	Cotton	Cotton Exchange Bldg., Marwari Bazar, Bombay.
511	,, K. P. Ghiara ..	The Western India Oil Distributing Co., Ltd.	Importers & Distributors of Petrol & Diesel Oil	Alice Bldg., Hornby Road, Fort, Bombay.
512	,, Umadatt Surajmal Nemani	Messrs. Shivnarayana Nemani	Cotton, Seeds, Shares Securities, Bullion Importers-Exporters	212, Kalbadevi Road, Bombay.
513	,, Mahomedbhoy I. M. Rowjee	Mr. Mahomedbhoy I. M. Rowjee	Share & Landlord	187, Samuel Street, Mandvi, Bombay.
514	,, Vaman Shantaram Dabholkar	Messrs. Dabholkar & Jeshtaram	Solicitors	80, Mahatma Gandhi Road, Fort, Bombay.
515	,, Vandravan Gordhandas Seth	Mr. Vandravan Gordhandas Seth	Cotton & Bullion Broker & Commission Agent	381, Ismail Bldg., Hornby Road, Fort, Bombay.
516	,, Chatrabhuj U. Chheda	,, Chatrabhuj U. Chheda	Insurance Agent	300, Narsi Natha Road, Bombay.
517	,, Mohanlal T. Shah	The Unique Assurance Co., Ltd.	Life Assurance	995, Panch Kuva Road, Ahmedabad.
518	,, Hathibhai Galalchand	Mr. Hathibhai Galalchand	Cotton Merchant	C/o Shree Mahajan Association, Sheikh Memon St., Bom.
519	,, Kantilal Sakalchand Choksi	,, Kantilal Sakalchand Choksi	Cotton	Mandvi Pole, in front of Kaka Balia's Pole, Ahmedabad.

No.	Representative.	Member.	Trade.	Address.
520	Mr. Russa H. Mehta ..	Mr. Russa H. Mehta ..	Suppliers of Cotton Millstores, Textile Machinery & Electrical Goods	C/o Mill Stores Trading Co. of India Ltd., 125, Mahatma Gandhi Road, Fort, Bombay.
521	,, Keshavdeo Navatia ..	Messrs. Bachhraj & Co., Ltd.	Bankers, Cotton Merchants & Commission Agents	395, Kalbadevi Road, Bombay.
522	,, Girdharilal Chokhani	,, Dalmia Cement & Paper Marketing Co., Ltd.	Cement & Paper Manufacturers & Sellers	Bharat Bldg., 15, Elphinstone Circle, Fort, Bombay.
523	,, C. A. Buch ..	The Ratnagar Steam Navigation Co., Ltd.	Shipping	Scindia House, Dougall Rd., Ballard Estate, Bombay.
524	,, Dhirajlal Nemchand Shroff ..	Mr. Dhirajlal Nemchand Shroff	Textile Mills	40A, Ridge Road, Malabar Hill, Bombay.
525	,, Navnitlal Chunilal Javeri ..	,, Navnitlal Chunilal Javeri ..	Electricity	17B, Elphinstone Circle, Fort, Bombay.
526	,, Jayantilal R. Shroff ..	The Excelsior Electric Lamps Ltd.	Electrical goods	16, Apollo Street, Fort, Bombay.
527	,, Vithaldas Manmohandas Thanawala ..	Excelsior Electric Co. ..	Electrical Engineers and Contractors	Kitab Mahal, Hornby Road, Fort, Bombay.
528	,, C. M. Choksi ..	Messrs. Choksi Bros. ..	Cine Raw films and photo Materials	Western India House, Sir P. Mehta Road, Bombay.
529	,, Himatlal Motichand Kapadia ..	Mr. Himatlal Motichand Kapadia ..	Share & Stock Broker	Malabar View, Chaupatty, Bombay.
530	Mr. Calian Dattatraya Vaidya ..	Mr. Calian Dattatraya Vaidya ..	Landlord	121, Mahatma Gandhi Road, Fort, Bombay.
531	The Hon. Mr. Manockji Nadirshaw Dala ..	The Hon. Mr. Manockji Nadirshaw Dalal	Architect, Civil Engineer & Landlord	41, Cuffe Parade, Colaba, Bombay.
532	Mr. S. N. Kalbag ..	Orient Drug Agency	Sole agents in Bombay & Calcutta for Bengal Chemical and Pharmaceutical Works Ltd.	Devkaran Mansions, Princess St., Bombay.
533	,, Narsee Monjee ..	Mr. Narsee Monjee ..	Cigarette manufacturer	C/o Golden Tobacco Co., Vile Parle.
534	,, S. R. Tata ..	The Bombay Provision Merchants Association ..	Provision	C/o Messrs. Yazdani & Co., Sitaram Bldg., Crawford Market, Bombay.
535	Dr. Khwaja A. Hamied	Dr. Khwaja A. Hamied	Chemical & Pharmaceutical Products	12, Rampart Row, Fort, Bombay.
536	Mr. Bhagwanlal P. Worah	Mr. Bhgwanlal P. Worah	Coal & Railway Contractor	14 Hamam Street, Fort, Bombay.
537	,, Kantilal Ishvarlal ..	,, Kantilal Ishvarlal ..	Share & Stock Broker	Stock Exchange Bldg., Dalal Street, Fort, Bombay.
538	,, Chinubhai C. Dalal ..	,, Chinubhai C. Dalal	do	Stock Exchange Bldg., Dalal Street, Bombay.
539	,, K. H. Nawab ..	Messrs. K. H. Nawab & Co.	Mill Stores & Sizing materials	Mandvi St., Nagjeebhuder's Pole, Ahmedabad.
540	,, Chhotalal Jamnadas ..	Messrs. Chhotalal Jamnadas & Co.	Coal & Rly. Contractors	311, Kanji Mansion, Sandhurst Road, Bombay.
541	,, D. V. Deshpande ..	The United India Life Assurance Co. Ltd.	Insurance	Sir Phirozshah Mehta Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
542	Mr. Kalyanji Dewji ..	Messrs. Dewji Dharsi & Son	Bankers, Builders & Contractors	Tara Baug Estate, Charni Road, Bombay.
543	,, R. K. Dalal	Messrs. Dalal & Shah	Regd. Accountants & Auditors	49, Apollo St., Fort, Bombay.
544	,, Karsondas Govindji Asher	Mr. Karsondas Govindji Asher	Yarn Broker & Commsn. Agent	Krishna Villa, Opp. Wireless Station, Dadabhai Road, Santa Cruz (Bombay.)
545	,, Jayant Amerchand Dalal	Messrs. Amerchand Kalidas	Share & Stock Brokers	121, Fort Street, Fort, Bombay.
546	,, Framroze Pestonji Kapadia	Mr. Framroze Pestonji Kapadia	Regd Accountant & Auditor	Aga Khan Bldg., Dalal Street, Fort, Bombay.
547	,, P. M. Kabalee	Air Services of India, Ltd.	Air Services	Brabourne Stadium, Churchgate Reclamation, Bom.
548	,, Maneck Pheroze Mistry	Messrs. Kalyanivala & Mistry	Regd. Inc. Accountants	20, Apollo Street, Fort, Bombay.
549	,, J. R. Vatchaghandy	Mr. J. R. Vatchaghandy	Journalist	"Sanj Vartaman", Fort, Bombay.
550	,, Gordhandas Jadavji	The Bombay Yarn Exchange Ltd.	Yarn	Hanuman Building, Tambakanta, Bombay.
551	,, Shantilal H. Shah	The Kathiawad, Ltd.	Printers & Publishers	Ranpur (Kathiawar).
552	Mr. Mohamed Moloobhoy	Messrs. Ahmed S. Moloobhoy & Sons	Shipchandlers & Scrap Iron	281, Nagdevi Street, Bombay.
553	,, M. R. Zaveri	The Advertising Agency	Advertising Agents & Consultants	89, Princess Street, Bombay.
554	,, Anandji Haridas	The Bombay Steel Traders Association	Iron & Steel	Iron Market, Carnac Bunder, Bombay.
555	,, Champaklal Devidas..	Mr. Champaklal Devidas	Stock Broker	36, Dalal Street, Fort, Bombay.
556	,, Jivandas Virji	,, Jivandas Virji	Share Broker	6/8, do.
557	,, Narbheram Harakchand	,, Narbheram Harakchand	Share & Stock Broker	Agakhan Building, Dalal Street, Fort, Bombay.
558	,, S. Ramdas	,, S. Ramdas	do.	do.
559	,, Jivanchand Ratanhnd Motishaw	,, Jivanchand Ratanchand Motishaw	Share & Stock Broker	Apollo Street, Fort, Bombay.
560	,, Dwarkadas Chapsey	,, Dwarkadas Chapsey	Exchange Broker	Chapsey Building, Princess Street Bombay.
561	,, Sunderlal Khimchand	,, Sunderlal Khimchand..	Share Broker	5, Dalal Street, Fort, Bombay.
562	,, N. C. Jerajani	Messrs. Gopaljee Waljee & Sons	Financiers & Gen. Merchants	315/321, Hornby Road, Fort, Bombay.
563	,, Narahari Rama Sharma ..	The Retail & Dispensing Chemists Association	Chemists & Druggists	310, Lamington Road, Bombay.
564	,, Krishnaprasad Chhotalal Desai ..	Mr. Krishnaprasad Chhotalal Desai	Insurance	Vulcan Insurance Co., Ld., Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
565	Mr. F. J. Guzdar ..	Messrs. J. S. Guzdar & Sons	Share & Stock Brokers	Old Stock Exchange Bldg., Fort, Bombay.
566	,, Nadiabehari Adhikari	,, Bengal Chemical and Pharmaceutical Works Ltd. Bombay Branch	Mfg. of Phramaceuticals, Chemicals and Perfumeries	Cadell Road, Bombay.
567	,, Virji S. Chheda ..	,, Keshavji Virji & Co.	Import-Export	8, Elphinstone Circle, Fort, Bombay.
568	,, J. H. Modi ..	,, Daphtary Ferreira & Divan	Solicitors & Notaries Public	13/19, Medows St., Fort, Bombay.
569	,, Motichand G. Shaha ..	Mr. Motichand G. Shaha	Engineer & Contractor	Sambhava Chambers, Sir P. Mehta Road, Fort, Bom.
570	,, Anant Subrao Balsekar	,, Anant Subrao Balsekar	Banking	C/o The Central Bank of India Ltd., Fort, Bom.
571	,, S. H. Thaker ..	The Warden Insurance Co. Ltd.	Life Insurance	Ahmedabad.
572	,, Prabhudas Bhailalbhai Patel ..	Mr. Prabhudas Bhailalbhai Patel ..	Electricity	C/o The Nadiad Elec. Supply Co., Ltd., Nadiad.
573	,, Jivanlal Amarsi Mehta ..	Messrs. Jivanlal & Sons ..	Book-sellers & Publishers	Piramsha Road, Ahmedabad.
574	,, Hari Datt Vasudeva ..	Mr. Hari Datt Vasudeva	Insurance	35, Rowland Road, Calcutta.
575	Mr. Thakordas Hiralal Marfatia ..	Mr. Thakordas Hiralal Marfatia ..	Insurance & Commsn. Agent	Panini Bhint, Surat.
576	,, Ramchandra Vinayak Joshi	,, Ramchandra Vinayak Joshi	Insurance Agent	Pandya St., Gandevi.
577	,, Ganesh Gangadhar Paranjpe ..	Healds & Reeds Mfg. Co., of India Ltd. ..	Healds and Reeds	28, Apollo St., Fort, Bombay.
578	,, V. K. Merchant ..	Cambay State Mills ..	Spg. & Wvg. Mill	Cambay.
579	,, Sorab D. Dalal ..	Messrs. Sorab Dalal China Clay Works	China clay mines	Ransipur, Post Sardarpur, Via Bijapur (G.B.S. Rly.).
580	,, Vasudeo N. Cervante ..	Mr. Vasudeo N. Cervante	Merchant	C/o Vasudeo & Co., Sarswati Bag, Dharwar.
581	,, Kanchanlal Chunilal ..	Messrs. Indralal Kanchanlal & Bros.	Motor Dealers & Petrol Supp.	Thar's St., Broach.
582	,, S. A. Kajiji ..	The Lonavla Khandala Electric Supply Co. Ltd.	Electric Power Supply	Lonavla.
583	,, N. P. Hormusji ..	The Nadiad Electric Supply Co. Ltd.	do.	Nadiad.
584	,, B. S. Marathe ..	The Anand Electric Supply Co. Ltd.	do.	Anand.
585	,, R. N. Allana ..	Mr. R. N. Allana	Share Broker	Dalal St., Fort, Bombay.
586	,, Russa H. Mehta ..	Navsari Cotton and Silk Mills Ltd.	Cotton Mills	Navsari.
587	,, Russa H. Mehta ..	Gaekwar Mills Ltd.	do.	Billimora.

No.	Representative.	Member.	Trade.	Address.
588	Mr. Gopaldas P. Parikh ..	Mr. Gopaldas P. Parikh	Mill Stores & Machinery	C/o H. M. Mehta & Co., Railwaypura Post, Ahmedabad.
589	,, M. N. Adajania ..	The Panchgani Electric Supply Co. Ltd.	Elec. Power Supply	Panchgani.
590	,, Hari Keshav Joshi ..	Mr. Hari Keshav Joshi	Insurance	152/53 Limaye wadi, Sadashiv Peth, Poona.

RULES AND REGULATIONS

OF THE

INDIAN MERCHANTS' CHAMBER

(As amended upto 24th January, 1938)

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1. The Association shall be styled, "The Indian Merchants' Chamber."

Name.

2. The office of the Chamber will be situate in Bombay.

Office.

3. The objects for which the Chamber is established are :—

Objects.

(*a*) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.

(*b*) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.

(*c*) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.

(*d*) To collect and disseminate statistical and other information securing the promotion of the objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.

(*e*) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interest by the Government or any Department

thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To make representation to Local, Central or Imperial authorities Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.

(*g*) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*h*) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.

(*i*) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufacture or incidental to the attainment of the above object.

(*j*) To secure the interests and well-being of the Indian business community abroad.

(*k*) (i) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.

(ii) To nominate delegates and advisers, etc. to represent the employers of India at the Annual International Labour Conferences of the League of Nations.

(iii) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.

(iv) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Conference.

(*l*) To purchase, take on lease or in exchange or otherwise acquire any lands, buildings, easements, rights of common or property, immovable or movable, which may be requisite for the purposes of or conveniently used or held in connection with any of the objects of the Chamber ; and to sell, demise, mortgage, give in exchange, or dispose of the same or any part thereof.

(*m*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members :—

Members.

(1) Ordinary, (2) Patrons, and (3) Honorary.

(1) There will be three classes of Ordinary Members :—

(*a*) Residents of Bombay and its suburbs who will have to pay *in advance* Rs. 75 as annual subscription ; but Joint Stock Companies will have to pay *in advance* Rs. 100 per year.

(*b*) Mofussil members who will have to pay *in advance* Rs. 25 as annual subscription.

(*c*) Associations which will have to pay *in advance* Rs. 125 as annual subscription.

Admission Fee :—All the ordinary members and patrons will have to pay *in advance* Rs. 50 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the General Body.

(2) *Patrons* : Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue account but the interest whereof shall be taken to revenue account.

(3) *Honorary Members* : Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary Members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of Members.

6. The applicant, whether an individual, a firm or an association, shall sign the admission form giving details of business, etc., and send it to the Secretary, with signatures of proposer and seconder who must be members of the Chamber. This application shall be

submitted to the Committee, who shall appoint a Scrutineer. Names of all such applicants, with names of their proposers and seconders, during the month shall be put up on the notice board of the Chamber in the first week of the following month and they shall be there for one whole week. During this period members of the Chamber shall come to the office of the Chamber between 11 A.M. and 5 P.M. (S.T.) and register their votes either for or against the inclusion of such applicants as members of the Chamber. At least five per cent of the members of the Chamber must register their votes to make the ballot valid. The presence in the ballot-box of one negative vote shall cancel six positive votes. If an applicant or applicants gets or get twelve negative votes, he or they shall not be elected. On the seventh day the ballot-box shall be opened at 5 P.M. (S.T.) by the Scrutineer and the Secretary, who shall declare the result of the ballot.

Resignation.

7. Members wishing to resign shall give written notice to the Secretary.

Disqualification of Members.

8. A member shall be deemed to be disqualified if :—

(*a*) He becomes an insolvent.

(*b*) He fails to discharge his subscription for a period extending over twelve months.

Privileges of Members.

9. A member of the Chamber shall be entitled :—

(*a*) To obtain gratis publications of the Chamber.

(*b*) To the free use of the Chamber's library.

(*c*) To vote at all meetings of the Chamber or on any matter referred to the General Body of members by circular.

(*d*) To be elected as an office-bearer of the Chamber.

Meetings of Members.

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the

Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution) to transact the following business :—

(*a*) To receive the Annual Report of the retiring Committee and the audited statement of accounts of the Chamber.

(*b*) To record the declaration of the result of election of office-bearers for the ensuing year.

(*c*) To elect an auditor for the ensuing year.

(*d*) To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the General Body of members by post or otherwise two days before the date of meeting.

There shall be held during the course of the year in addition to the Annual Ordinary General Meeting three other ordinary meetings when a *resume* of the work done during the previous quarter will be supplied to members.

A Special General Meeting of members may also be called whenever the Committee think fit ; and the Committee shall also call a Special General Meeting on the requisition in writing of at least ten members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days before the date fixed for the meeting and of which the

Secretary has given notice either by post or otherwise to the General Body of members two days before the date of the meeting.

Quorum.

11. Fifteen members shall be deemed a quorum for a General Meeting whether Ordinary or Special. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

Adjourned Meeting.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

Chairman.

13. The Chairman of the Committee shall preside at every General Meeting or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the Chair.

Voting at Meeting.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting provided that a firm or association have more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee.

15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman and twenty-three members.

Vacancy on the Committee.

16. The Committee shall fill up any vacancy of an ordinary member thereof occurring during the year.

Non-attendance of a member of the Committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

Vacancy in the office of the Chairman or the Vice-Chairman.

17. Any vacancy during the year in the office of the Chairman or the Vice-Chairman created by resignation shall be filled up by election in accordance with Rule No. 26.

The Chairman and/or the Vice-Chairman can get from the Committee leave of absence from the work of their offices for a period not exceeding four months, whether the leave is to be enjoyed in or outside India; during such absence of the Chairman the Vice-Chairman shall act as Chairman, and during such absence of the Vice-Chairman, the Committee shall appoint the acting Vice-Chairman from amongst themselves.

Retirement of Committee.

18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

Rules of the Committee.

19. The Committee shall frame its own rules for the purpose of regulating its proceeding which may be amended or altered or revised as it may deem expedient.

Secretary.

20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Accounts of the Chamber.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

Meetings of the Committee.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

Minute Book.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committees of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committees whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members of the Chamber. The work of electing Sub-Committee shall ordinarily be done by the representatives themselves but they can have the assistance of the Secretary of the Chamber if they require it.

Sub-Committees.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the Register of Members of the Chamber names of individual members and of gentlemen who may be representing, for the time being, any members of the Chamber, whether associations, firms or corporations. All changes in the names of representatives, addresses, etc., shall have to be notified to the Secretary on

Register of Members.

or before the 31st December for purposes of election of the Committee. A list prepared on the basis of this Register will be called the Electoral Roll of the Chamber and shall be deemed as such not only for purposes of the election of the Committee but also for purposes of elections of representatives of the Chamber on various public bodies. For purposes of election of the Committee, only those whose names are thus registered on or before 31st December shall be entitled to vote ; while for purposes of other elections the Secretary shall ask for any changes in the names of representatives, addresses, etc., as provided in the rules relating to those elections, and all such changes or additions or alterations or deletions will be notified to the members within the time specified in the rules for those elections. The elected gentlemen will be considered to be personally elected as representing particular members, and on their places falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Any member of a firm or its representative, being on that account a member of the Chamber, on his serving the partnership or connection with the firm will no longer be a member of the Chamber.

This rule will not affect Rule 14.

This Register shall contain details regarding business of all members and shall also record the classified list of members according to different trades.

Election of Committee.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the members before the 15th of January. Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship and membership of the Committee duly proposed, seconded and signed by the nominees shall be sent to the Secretary. The Committee shall, before the Annual General Meeting, fix a day which shall be prior to that Meeting, for the election of the members of the Committee

and of the President and Vice-President. The Secretary shall prepare and publish a list of nominations received by him, and shall circulate the same amongst the members of the Chamber along with the intimation of the date fixed for the election of the Committee at least three clear days before the date of election.

The retiring Committee shall appoint two Scrutineers, who must be members of the Chamber but shall not be candidates for election.

On the day of the election the ballot-box will remain open from 10 A.M. (S.T.) to 6 P.M. (S.T.) in the office of the Chamber The voting papers shall be supplied to the members in the office of the Chamber who shall fill these up and place them in the ballot-box. The President and the Vice-President shall be elected from among the nominations received for the Presidentship and Vice-Presidentship respectively, and 23 members shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship or Vice-Presidentship will be *ipso facto* recorded for his election as a member of the Committee. The President and Vice-President shall be ex-officio members of the Committee. The counterfoils of these voting papers shall be signed by members and shall remain with the Secretary or an officer of the Chamber appointed by him. The Scrutineers shall seal the ballot-box as also the packet containing the signed counterfoils of the voting papers at 6 P.M. (S.T.) on the day of the election and with the Secretary will open the ballot-box on the day following the day of election and declare the result by putting up the same on the Notice Board of the Chamber over the Secretary's signature.

This procedure will not apply in the case of the mofussil members, that is to say, members paying Rs. 25 as annual subscription and registered as such in the official Register of the Chamber.

Voting papers shall be sent by post to the mofussil members seven clear days before the date of election. The voting will be carried on in the following manner :—

Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to the mofussil members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who shall open it, placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot-box. This ballot-box shall be opened by the Scrutineers with the Secretary along with the ballot-box for the local members on the day of scrutiny, and all the voting papers will be scrutinised together.

Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. The Trustees of the Chamber for the time being and the member or members of the Chamber representing it in the Indian Legislative Assembly, the Bombay Legislative Council, the Bombay Port Trust, the Bombay Municipality, and the like public bodies will be ex-officio members of the Committee if they are not already members of the same. Such ex-officio members shall not, however, be precluded from contesting the general election.

(*a*) The Committee shall co-opt, out of the General Body of members, 40 (forty) per cent of the association Members.

(*Note.*—For the purpose of calculation under this rule, fraction will be ignored).

(*b*) The new Committee shall further co-opt three ordinary members, who in their opinion will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at their first meeting by ballot from among the members proposed at the meeting by members of the Committee.

Equality of Votes.

27. In the case of equality of votes recorded for the election of the Chairman or Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

Visitors.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits, visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

Trustees.

28. (A) There shall be not less than three nor more than five Trustees of the Chamber. The Trustees shall be elected by the Committee from time to time and as and when vacancies occur. Each Trustee shall hold office until his death or until he resigns or ceases to be a member of the Chamber or until he is removed from office by a Resolution of the Committee passed at a meeting specially convened for the purpose at which not less than two-thirds of the total number of members of the Committee including ex-officio members, shall be present and at which not less than one-half of the total number of members of the Committee, including ex-officio members, shall vote in favour of such Resolution. The property of the Chamber of whatever description shall subject to the provisions of Rule 29, be vested in and shall, when necessary, be transferred to the Trustees for the time being,

who shall hold the same in trust for the Chamber and the Members thereof for the time being and shall deal with the property of the Chamber as directed by the resolution of the Committee (of which an entry in the minute book shall be conclusive evidence). The Trustees for the time being shall in any legal proceedings be deemed sufficient to represent the Chamber and its Members. The Trustees for the time being shall under the direction of the Committee act in legal proceedings, effect insurances, invest money, execute transfers, leases, mortgages and all deeds, agreements and other documents to be entered into on behalf of the Chamber and shall sign any debentures the issue and form of which may be directed by the Committee and shall generally transact all business of a like nature in such manner as the Committee may from time to time determine. Every direction of the Committee to the Trustees shall be signified by a copy of the relative resolution of the Committee signed by the Chairman of the day and when so signified it shall be obligatory upon and authority to the Trustees to do anything to be done by virtue of such resolution. The Trustees shall be indemnified out of the Chamber's property against all liabilities risk and expense incurred by them as such Trustees.

Borrowing Powers.

28. (B) If at any time the Chamber in general meeting shall pass a Resolution authorising the Committee to borrow money, the Committee shall thereupon be empowered to borrow for the purposes of the Chamber such amount of money either at one time or from time to time and at such rate of interest and in such form and manner and upon such security as shall be specified in such Resolution and thereupon the Trustees shall at the direction of the Committee make all such dispositions of the Chamber property or any part thereof and enter into such Agreement in relation thereto as the Committee may deem proper for giving security for such loans and interest. All members of the Chamber, whether voting on such Resolution or not, and all persons becoming members of the Chamber after the passing of such

resolution shall be deemed to have assented to the same as if they had voted in favour of such resolution.

Funds of the Chamber.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being and a member of the Committee. In the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee. All cheques shall be countersigned by the Secretary.

Expulsion of Members.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reason it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifth of members present have voted in favour of the proposal.

Alteration in Rules and Regulations.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least seven clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

Rules of the Court of Arbitration of the Chamber

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following Scheme :—

1. There shall be a Court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than sixty persons who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

3. There shall be a Committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court, the Council of the Chamber shall have regard to the recommendation of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared

by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference, the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it the Arbitrators, if they are more than one, between themselves fix up an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do everything to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decisions may by writing extend the time to make their award but in no case it will be later than three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he

fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The arbitrators of a tribunal or an Umpire are entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

Rules prepared by the Committee of the Court for carrying on the work of the Arbitration Court

1. The provisions of Act IX of 1899 (Arbitration), will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word, "The Court" means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of anna one.

4. The submission paper shall state :

(*a*) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

(*b*) Each party shall mention in short the facts of his case.

(*c*) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.

(*d*) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.

(*e*) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the law.

(*f*) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.

(*g*) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper, the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuse to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witness, if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of envelope, by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission, the arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court's Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar shall within four days from the filing of the award give notice to the parties and, when applied for, give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

SCHEDULE

(1) Fee to be tendered with the Reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

(2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.

(3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act and the copying charges.

Rules for the Election of Port Trustees by the Chamber

(Adopted at the Extraordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923)

1. The Electoral Roll of the Chamber shall be prepared by the Secretary, giving particulars regarding the respective

trade of each member provided that the name of each member shall be entered under any one of the following trade sections as he may select, viz., (1) Cotton, (2) Piecegoods, (3) Grain and Seeds, (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary (whose decision shall be final), on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of the circular inviting nomination papers from members desirous of standing as candidates for the election of Port Trustees (as provided in the Rule 3) and the Electoral Roll shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters should be members of the Chamber, or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of Members of the Chamber and the Electoral Roll provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be following allocation of seats to different trade interests :—

Trade	*Seats*
Cotton	1
Piecegoods	1
Grain and Seeds	1
General	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any member desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under Rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies, the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber, three clear days before the day fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two Scrutineers for the scrutiny of the voting papers at least seven clear days before the date of the election.

8. On the day of the election, the ballot-box will remain open from 10 A.M. to 6 P.M. (S.T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed, excepting for the purpose of registering their own votes.

9. The candidate or, when there is more than one Trustee to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates, the members shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee, the same course shall be followed in the appointment of a substitute.

12. * If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of election.

13. * In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(* Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the election by the Chamber of a Representative on the Bombay Municipal Corporation

(Adopted at the third Quarterly General Meeting of the Chamber held on 11th November 1922)

1. Candidates for the election as a Corporator of the Bombay Municipality, as well as voters thereof, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

2. Those members who wish to become candidates in conformity with Rule 1 should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

4. The Secretary of the Chamber shall circulate the names of the candidates at least seven clear days before the date fixed for election.

5. The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 A.M. to 6 P.M. (S.T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in the ballot-box. The slips containing the signatures of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 P.M. (S.T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued on the return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purposes of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the highest number of votes, shall be declared duly elected.

7. In the event of two or more candidates getting an equal number of votes the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

8. In the case of there being only one candidate, he shall be declared duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute, the election shall be made in the manner above laid down.

10. * If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the date of election.

11. * In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(* Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the Election of a Representative of the Indian Merchants' Chamber to the Senate of the Bombay University under Act IV of 1928

(Adopted at the Extraordinary General Meeting of the Chamber held on 12th February 1929)

1. The list of Members of the Chamber in force one week before the election date shall be considered as the Electoral Roll, copies of which can be had from the Office of the Chamber on payment of Rupee One each. If any changes are required to be made in the names of representatives, etc., in the Roll, information in writing must be given to the Secretary by members one week before the date of election. No intimation received after the due date will be recognised.

2. Candidates for election should be members of the Chamber or representatives deputed by members provided they are always Indians.

3. Any member desiring to stand as a candidate should send in his name to the office of the Chamber ten days before the date fixed for election together with the names of a

proposer and a seconder, whose names appear on the Electoral Roll.

Any nomination paper which is not in conformity with these Rules shall be deemed invalid and rejected as such.

4. The Committee of the Chamber shall elect two Scrutineers at least five days before the date fixed for election.

5. If there is not more than one candidate for election, the candidate duly nominated shall be declared to be duly elected. If, however, there are more candidates than one, the Secretary shall send the names of all candidates to each member of the Chamber seven days before the date fixed for election.

6. The Committee shall fix a day (notice whereof shall be given to all members of the Chamber) on which the ballot-box will be kept open from 10 A.M. (S.T.) to 6 P.M. (S.T.). Voting papers will be provided to members in the office of the Chamber and members will be required to place them duly filled in the ballot-box. Counterfoils of the voting papers, which should be placed in another box, should be first signed by the voters. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. The Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of election, and shall on the next working day after scrutinising the voting papers, with the Secretary, forthwith declare the result. No duplicate voting paper will be issued unless the original is returned.

7. Candidates or their agents shall not be allowed in the room in which the ballot-box is placed, except for the purpose of registering their own votes, and not more than one voter at a time shall be allowed in the room.

8. A candidate getting the highest number of votes shall be declared duly elected. In the event of two or more candidates getting the highest number of equal votes, the election shall be held afresh in the manner above laid down in respect of only those candidates who get highest number of equal votes, within five days of the declaration of the result.

If of the candidates who have secured an equal number of votes all but one withdraw from the contest and intimate in writing such withdrawal to the Secretary not less than two clear days before such a fresh election, the remaining candidate will be declared to be duly elected.

9. *If a candidate is desirous of withdrawing his candidature from the election contest he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of election.

10. *In case of difference of opinion or a dispute between the candidates for election, the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

PUBLIC BODIES ELECTION RULES

1. These rules shall be called the Indian Merchants' Chamber Public Bodies Election Rules.

2. These rules shall apply to all elections by the Committee of representatives of the Chamber on public bodies mentioned in the attached Schedule, on which the Chamber has been or is given permanent representation.

3. All elections under these rules shall be made by the Executive Committee of the Chamber.

4. Any member of the Chamber, who is duly proposed by a member of the Committee and seconded by another member of the Committee shall be eligible to stand as a candidate for election.

5. On a vacancy, to be filled by election under these rules, occurring in any of the public bodies, the Secretary of the Chamber shall circulate the information to all members of the Chamber.

6. Candidates for election shall send in their nomination, so as to reach the Secretary within five days from the date of the circular under Rule 5. Nominations shall be in the prescribed form, copies of which can be had from the Secretary.

7. The President shall fix the date of the election. A list of nominations received, together with information regarding the date of election shall be circulated by the Secretary to the members of the Committee two days before such date.

8. The Election shall be by show of hands. In case of tie, the President shall have a casting vote.

SCHEDULE

1. The Indian Central Cotton Committee.
2. Local Advisory Committee of the G. I. P. Railway.
3. Local Advisory Committee of the B. B. & C. I. Railway.
4. Governing Body of the I.M.M.T.S. "Dufferin".
5. Advisory Committee of the Royal Institute of Science.
6. Advisory Committee of the Bombay Development Department.
7. Bombay Traffic Control Committee.
8. Board of Communications, Bombay.
9. Indian Sailors' Home Committee.

(Framed and adopted by the Committee of the Chamber on 7th July 1936).

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER

1907—13 Sir Manmohandas Ramji.
1913—14 Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1914—15 Sir Fazulbhoy Curimbhoy, C.B.E.

1915—16	Sir Dinshaw Edulji Wacha.
1916—17	Sir Lallubhai Samaldas, C.I.E.
1917—18	Sir Vithaldas D. Thakersey.
1918—19	Sir Chunilal V. Mehta, K.C.S.I.
1919—20	Mr. Jehangir Bomanji Petit.
1920—21	Mr. Lalji Naranji.
1922	Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1923	Sir Fazulbhoy Curimbhoy, C.B.E. (from 24-2-23 to 3-9-23).
	Mr. Devidas Madhowji Thakersey (from 4-9-23 to 25-1-24).
1924	Sir Manmohandas Ramji.
1925	Sir Phiroze C. Sethna, O.B.E.
1926	Mr. Lalji Naranji.
1927	Mr. Walchand Hirachand.
1928	Sir Shapurji B. Billimoria, Kt., M.B.E. (from 31-1-28 to 20-3-28).
	Mr. H. P. Mody (from 30-3-28 to 17-7-28) and Mr. L. R. Tairsee (from 28-7-28).
1929	Mr. L. R. Tairsee.
1930	Mr. Hooseinbhoy A. Lalljee.
1931	Sir Chunilal V. Mehta, K.C.S.I.
1932	Mr. B. N. Karanjia (till November).
	Mr. Mathuradas C. Matani (November to January).
1933	Sir Manmohandas Ramji.
1934	Mr. Mathuradas Vissanji.
1935	Mr. Manu Subedar.
1936	The Hon'ble Sir Rahimtoola Chinoy, Kt.
1937	The Hon'ble Mr. Govindlal Shivlal Motilal.
1938	Mr. Gordhandas G. Morarjee.
1939	Mr. J. C. Setalvad.

Secretary : Mr. J. K. Mehta.

Assistant Secretaries : Mr. A. C. Ramalingam, and Mr. K. P. Daru.

CHAMBER'S REPRESENTATIVES ON PUBLIC BODIES—1940

Representative in the Legislative Assembly (Central)

Mr. Manu Subedar, M.L.A.

Representative in the Bombay Legislative Assembly

Mr. M. C. Ghia.

Representatives on the Board of Trustees of the Port Trust

1. Sir Purshotamdas Thakurdas, C.I.E., M.B.E. (Cotton).
2. Mr. Gordhandas G. Morarji (Piecegoods).
3. Mr. Ratilal M. Gandhi (Grain and Seeds).
4. Mr. M. A. Master (General).
5. Mr. Sankalchand G. Shah (General).

Representative on the Bombay Municipal Corporation

Mr. Bhawanji A. Khimji.

Representative on the Advisory Committee of the Bombay Development Department

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee

Mr. Chunilal B. Mehta.

Representative on the Advisory Committee of the Royal Institute of Science in Bombay

Mr. Kapilram H. Vakil.

Representatives on the Local Advisory Committee of Railways

G. I. P. Railway :—

Mr. Gordhandas G. Morarjee.

B. B. & C. I. Railway :—

Mr. Dhirajlal C. Modi.

Representatives on the Panel of the Railway Rates Advisory Committee

1. Sir Purshotamdas Thakurdas, Kt. C.I.E., M.B.E.
2. Mr. Manu Subedar.

3. Mr. Mathuradas Vissanji.
4. Sir Rahimtoola Chinoy.
5. Mr. Kapilram H. Vakil.

Representative on the Governing Body of the Indian Mercantile Marine Training Ship "Dufferin"

Mr. M. A. Master.

Representative on the Senate of Bombay University

Prof. S. R. Davar.

Representative on the Traffic Control Committee (Bombay)

Mr. Mohanlal A. Parikh.

Representative on the Board of Communications

Mr. Keshavprasad C. Desai.

Representative on the Indian Sailors Home Committee

Mr. M. A. Master.

Representative on the Board of the Bombay Telephone Co. Ltd.

Mr. Vithaldas D. Govindji.

Representative on the Sydenham College Advisory Board

The Hon'ble Sir Rahimtoola M. Chinoy, Kt.

OFFICE-BEARERS FOR THE YEAR 1940

President

Mr. Chunilal B. Mehta.

Vice-President

Mr. M. C. Ghia, M.L.A.

Members of the Committee

Elected :

1. Mr. Pranlal Devkaran Nanjee.
2. „ J. C. Setalvad.
3. „ Amritlal Kalidas.
4. „ Mangaldas B. Mehta.
5. „ Behram N. Karanjia, M.L.C.

6. Mr. M. M. Amersey.
7. „ Vithaldas D. Govindji.
8. „ Keshavprasad C. Desai.
9. „ H. C. Captain.
10. „ Nagindas T. Master, M.L.A.
11. „ Mathuradas Canji Matani.
12. „ Chimanlal B. Parikh.
13. „ Nandlal M. Bhuta.
14. „ C. A. Buch.
15. „ Mathuradas Dwarkadas.
16. „ Sankalchand G. Shah.
17. „ R. G. Saraiya.
18. „ E. R. Hirjibehedin.
19. „ Madhavlal M. Bhatt.
20. „ Chhotabhai S. Patel.
21. „ Russa H. Mehta.
22. „ Anandji Haridas.
23. „ Thakorlal H. Vakil.

Co-opted :

(1) *3 Individuals*

1. Sir Ardeshir R. Dalal, Kt.
2. Seth Vithaldas Kanji.
3. Mr. Hooseinbhoy A. Lalljee, M.L.A.

(2) *13 Associations*

1. Bombay Bullion Exchange, Ltd. (Mr. Lachhmandas H. Daga).
2. Bombay Cotton Merchants & Muccadam Association (Mr. Purshotamdas H. Shah).
3. Bombay Grain Dealers' Association (Mr. Khimji Madan Bhujpuria).
4. Bombay Kariana Merchants' Assocn. (Mr. D. P. Tata).
5. Bombay Rice Merchants' Association (Mr. Mahomedhusein H. Premji).
6. Bombay Shroff Association (Mr. Jayantilal M. Shah).
7. Bombay Yarn Exchange, Ltd. (Mr. Gordhandas Jadavji).
8. Chamber of Income-tax Consultants (Mr. Bhogilal C. Shah).

9. The Grain Merchants' Association (Mr. Khimji Shamji).
10. Indian Motion Picture Producers' Association (Mr. M. A. Fazalbhoy).
11. Indian National Steamship Owners Assocn. (Mr. Shantikumar N. Morarji).
12. Indian Stock Exchange, Ltd. (Mr. Premchand C. Bhayani).
13. Mahratta Chamber of Commerce and Industries (Mr. B. S. Dabke).

Ex-officio :

1. Mr. Manu Subedar, M.L.A. (Indian Legislative Assembly).
2. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E. (Bombay Port Trust).
3. Mr. Gordhandas G. Morarji (Bombay Port Trust).
4. „ Ratilal M. Gandhi, M.L.C. (Bombay Port Trust).
5. „ M. A. Master (Bombay Port Trust).
6. „ Bhawanji A. Khimji, M.L.A. (Bombay Municipal Corporation).
7. Prof. Sohrab R. Davar (Bombay University Senate).
8. Hon. Sir Rahimtoola M. Chinoy, Kt. (Sydenham College Advisory Board).
9. Seth Chatrabhuj Gordhandas (Trustee of the Chamber).
10. Mr. Chandulal P. Parikh (Indian Central Cotton Committee).
11. Mr. Kapilram H. Vakil (Royal Institute of Science Advisory Board).
12. Mr. Dhirajlal C. Modi (B. B. & C. I. Railway, Local Advisory Committee).
13. Mr. Mohanlal A. Parikh (Bombay Traffic Committee).

Mr. J. K. Mehta, M.A. (*Secretary*).
„ A. C. Ramalingam (*Assistant Secretary*).

LIST OF JOURNALS AND PERIODICALS RECEIVED IN THE LIBRARY OF THE INDIAN MERCHANTS' CHAMBER

Quarterly

1. Empire Cotton Growing Review.
2. Swedish Economic Review.

3. Finish Trade Review.
4. Journal of the Council for Scientific and Industrial Research (Australia).
5. The Journal of the Indian Institute of Bankers.

Bi-Monthly

1. The Yokohama Trade Review.
2. Industrial Safety Survey (International Labour Office).

Monthly

1. *Monthly Bulletin of Statistics issued by the League of Nations.
2. International Conciliation.
3. London Chamber of Commerce Journal.
4. Monthly Journal of the Liverpool Chamber of Commerce.
5. " " " Manchester " "
6. " " " Sheffield " "
7. " " " Bradford " "
8. " " " Nottingham " "
9. " " " Northamptonshire " "
10. Monthly Report on Current Economic Conditions in Japan issued by the Tokyo Chamber of Commerce.
11. The Commercial Review, Alleppey.
12. Southern India Commerce.
13. *National Geographic Magazine.
14. Indian Insurance.
15. Mercantile Guardian.
16. *International Labour Review.
17. Bombay Labour Gazette.
18. Engineering Progress.
19. Monthly Sea-borne Trade Return of British India.
20. Monthly Returns of the Coasting Trade of British India.
21. Monthly Statistics of Cotton, Shipping and Weaving in Indian Mills.
22. Trade at Stations adjacent to Land Frontier Routes.
23. Exports of Indian Artware and Sportsgoods.
24. Kathiawar Trade Statistics.
25. Raw Cotton Trade Statistics.
26. Joint Stock Companies.

27. Statistics of Import and Export trade in Cotton Yarn and Piecegoods of British India (Issued by the Bombay Millowners' Association).
28. Statistics of Import and Export trade in Cotton Yarn and Piecegoods of the Bombay Presidency excluding Sind. (Issued by the Bombay Millowners' Association).
29. *Modern Review.
30. *Asia.
31. American Exporter.
32. The German Industrial Echo.
33. German Exporter.
34. Belgium Abroad.
35. Swedish Exporter.
36. Indian Concrete Journal.
37. Monthly Review of the Lloyds Bank.
38. " " " National City Bank of New York.
39. " " " Barclays Bank.
40. " " " Midland Bank.
41. " " " Westminster Bank.
42. " " " Federal Reserve Bank.
43. "Index"—(Svenska Handelsbanken, Stockholm).
44. World Trade (International Chamber).
45. Ubersee Post.
46. Mysore Economic Journal.
47. Tisco Review.
48. N. Y. K. Travel Bulletin.
49. *Fortune (U.S.A).
50. Indian Trade and Finance.
51. Financial Times.
52. *Times (London) Trade and Engineering Supplement.
53. Safety News.
54. *Indian Textile Journal.
55. *Indian Home.
56. Burma Trade Journal.
57. The Ceylon Trade Journal.
58. Journal of the Motion Picture Society.
59. Public Information Series.

Weekly

1. * Economist.
2. * New Statesman and Nation.
3. Commerce, Bombay.
4. * Indian Finance.
5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Reports (U.S.A.).
8. Industrial and Labour Information. (I.L.O.).
9. Bombay Government Gazette.
10. * Gazette of India.
11. Commerce and Industry.
12. * Harijan.
13. * Roy's Weekly.
14. Weekly Market Report by Messrs. Premchand Roychand.
15. Report of German Institute for Research.
16. * Indian Social Reformer.
17. * Indian Affairs.
18. Great Britain and the East.
19. The Financial News.

Occasional

1. Central Legislative Assembly Debates.
2. Council of State Debates.
3. Bombay Legislative Assembly Debates.
4. „ „ Council Debates.
5. * Publications of the International Labour Office.
6. Indian Tea Statistics.
7. Indian Coffee Statistics.
8. Indian Agricultural Statistics.
9. Wholesale Price of certain Staple Articles of Trade at Selected Stations in India.
10. * Publications of the League of Nations.
11. Bulletins issued by the United States Bureau of Labour Statistics.
12. Bulletins issued by the Government of Bombay, Department of Industry.

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* Subscribed for by the Chamber.

13. Bulletins issued by the Government of Bombay, Agricultural Department.
14. Bulletins issued by the Council of Agricultural Research Commonwealth of Australia.
15. Reports of several Chambers of Commerce and other Commercial Associations.
16. Reports of Tariff Board.
17. Customs Tariff of different nations as supplied by the Department of Commercial Intelligence and Statistics, Calcutta.
18. Publications issued by the Department of Commercial Intelligence and Statistics.

Gujerati Periodicals

1. Praja Bandhu (Weekly).
2. Gujerati Punch (Weekly).
3. Sarvoday.
4. Khetiwadi Vignan.
5. Bhagyoday.
6. Prasthan.
7. Majur Sandesh.

THIRTY-SECOND ANNUAL GENERAL MEETING

The Thirty-Second Annual General Meeting of the Members of the Chamber was held on Wednesday, the 24th January 1940 at 12 noon (S.T.) at the office of the Chamber.

Mr. J. C. Setalvad (President) was in the Chair.

The following members were present :—

Mr. Chunilal B. Mehta *(Vice-President)*

Mr. M. C. Ghia, M.L.A.
„ Manu Subedar, M.L.A.
Seth Chatrabhuj Gordhandas
Mr. Gordhandas G. Morarji
Mr. Ratilal M. Gandhi
„ Pranlal Devkaran Nanjee
„ Vithaldas D. Govindji
„ Mangaldas B. Mehta
„ Keshavprasad C. Desai

Mr. Kapilram H. Vakil
„ Mathuradas Dwarkadas
„ Madhavlal M. Bhatt
„ Dhirajlal C. Modi
„ Mathuradas C. Matani
„ Mohanlal A. Parikh
„ G. P. Kapadia
„ Kantilal Sitaldas
„ G. C. Kothari
„ N. R. Sharma
„ Zaverilal Chhaganlal
„ Premchand C. Bhayani
„ B. S. Dabke
„ Sarabhai Prataprai
„ Khimji Shamji Popat
„ Vijaysinh Govindji
Mr. Purshotamdas Harkisondas
„ Morarji J. Vaidya
„ Vasantram Jamnitram
„ Lallubhai G. Parikh
„ D. M. Dahanukar
„ D. B. Irani
„ K. M. Bhujpuria
„ Karsondas Asher
„ Shamji Vallabhji
„ Purshotamdas Popatlal
„ B. S. Lalkaka
„ J. Doongersee
„ M. A. J. Noble
„ V. N. Patruni
„ Maganlal B. Patel
„ Hiralal A. Shah
„ D. Cawasji
„ B. Vassanji
„ N. J. Shah

Mr. J. K. Mehta (*Secretary*)

The Secretary read the notice convening the meeting.

Mr. J. C. Setalvad, President, in placing before the meeting the report of the work done for the previous year and the audited statement of accounts made the following speech :—

The period of my stewardship of the Chamber, which high responsibility you placed on my shoulders last year, has come to an end, and I am giving over the reins of my office to Mr. Chunilal B. Mehta, who worked as Vice-President during the last year. I congratulate him most heartily on this honour, and am quite sure that, with the experience he has of business life and of the administration of commercial organisations, he will discharge his onerous duty as President to the satisfaction of all concerned, and will keep up the traditions of this great office.

War and the Political Situation

When I assumed the reins of my office last year, there were already rumblings of war in the air, in fact the clouds had begun to gather in September 1938 ; but it appeared for some time that they would disperse and the world would be spared another armageddon. However, as later events showed, it was not to be ; and another great holocaust has set in since September last. I have already dealt with some of the aspects of this war in my last quarterly speech. This war seems to differ from its predecessor in this that, while the last war developed intensity of action within a few weeks of its being declared, this war has found all the belligerents imbued with all the qualities of patience ; and defensive warfare appears to be the order of the day. It is true Germany took Poland almost in a hurricane and the war on the sea, so far as the sinking of ships is concerned, is proceeding apace ; but otherwise the *status quo* on the Western Front is not being broken at all. The invasion of Finland by Russia has been a new development, though on all fours with the new technique of these totalitarian States to invade their neighbours through sheer lust of land without any formal declaration of war. No one can prophesy as to what will be the reactions and implications of the vortex into which Europe has plunged. The slogan at the time of the last war was "to make future wars impossible." The slogan this time appears to be "to make the world safe for democracy". One of the slogans of Mr. Lloyd George used at the time of the last war and after was "to make the land fit for heroes to live in". The British people realised bitterly, when too late, that the land which was going to be made fit for heroes to live in, was soon, to a large extent, to be crowded over with slums, and the heroes no longer recognised it as the land fit for them to live in. This time, though it is said to be a war to make the world fit for democracy, the people of the world will bless God if any humanity is left in the world. Though the war has not begun intensively as yet, preparations being made all betoken an awful carnage whenever there is an intensification. India is far from the field of operations ; but

no one can say whether the war will be brought nearer home or not, or if it will be brought nearer home in what form. In the meanwhile, vast preparations are going on here also both in the form of recruitment of men and materials and, as His Excellency the Viceroy recently pointed out, the purchases which are being made for the prosecution of the war are on a large scale.

Since the war broke out, people of all parties and shades of opinion in this country have condemned the action of Germany, and have viewed sympathetically the fight of Poland for her independence. India is now a passive participant owing to circumstances which you all know. She could have been an active participant, and even now she can be made an active participant, if the British statesmen have the necessary vision and far-sightedness. While a solution of the communal tangle is necessary, it was most undesirable to draw this red herring across the trail and to put it as a sort of a condition precedent to any progress being made in political matters. The unsympathetic outlook of the British Government on this issue led to the resignation of the Congress Ministries from 8 Provinces, and excepting in Assam, the administration of all the other Provinces has been taken over by the Governors, showing how in 7 Provinces no other political party could form a Government. Want of an understanding between the British Government and the Congress and want of a communal understanding in the country have created a situation here of extreme uncertainty and great delicacy. I should like to appeal, with all the strength I can command, to merchants and industrialists to bring pressure upon the leaders of different political parties and communities to find a way out of the communal tangle and to make India a leading political power, as she can easily be, with her splendid man-power, resources of raw materials and the great capacity of her citizens.

Industrial Development

The year was made memorable by the inauguration and organisation of the National Planning Committee under the able and distinguished Chairmanship of Pandit Jawaharlal

Nehru. The Congress has got its constructive programme and one of the items on this is the propagation of Khaddar or rather the development of cottage industries. It has been found, however, that this alone will not serve the national purpose if the nation wants to be one of the premier nations in the world situated as it is. Pandit Jawaharlal Nehru also recognised this obviously, and the main object and function of the National Planning Committee was to put into operation in this country a programme of five years for the organisation of big industries, and rapid development of Banking, Insurance, Shipping, and encouragement of indigenous Banking and Insurance which would take this country from the backwaters of industrial backwardness and place it in the forefront of leading industrial countries. The planning of the Planning Committee was conceived on a broad scale and the work is divided among 28 Sub-Committees ; some of the foremost of India's industrialists, businessmen, scientists, and economists are on these Committees and Sub-Committees which gives us confidence that the final recommendations of the Committee will be of a character eminently suitable to the interests of the country. Even after the recent political crisis, Pandit Jawaharlal has emphasised that the work of the Planning Committee should not stop, but that these Committees and Sub-Committees should forge ahead. It is a work of the most momentous national character. Such a work will require substantial funds which I trust will be made available by the commercial community. At the same time, it is but natural that we should want a clear statement that it will be its object to foster and develop and safeguard large scale industries also *pari passu* with cottage industries. The future of India lies in the co-ordination of small industries, cottage industries, large scale industries, agriculture and commerce ; and nothing should be done which would mar the harmonious synthesis of all these. Pandit Jawaharlal in his Memorandum dated 4th June 1939, observed, that the Congress had in view of the present conditions in India laid great stress on the encouragement of cottage industries, but that this need not necessarily mean a conflict between cottage and large scale industries. In fact he said that a large number

of essential industries which are necessary for the independence and well-being of the country must inevitably be on a large scale and that the very resolution appointing the Planning Committee called upon all to provide for the development of heavy key industries, medium scale industries, and cottage industries and laid down that the economic regeneration of the country could not take place without industrialisation.

Pandit Jawaharlal Nehru has explained his position very clearly again in his contribution to the *Vishwa Bharati*, and I give below extracts from the same :

> "I am personally a believer in the development of large scale industries. Nevertheless, I have wholeheartedly supported the khadi movement as well as the wider village industries movement for political, social and economic reasons. In my mind, there is no essential conflict between the two, although there might occasionally be conflict in regard to certain aspects or developments of both. In this matter, I do not represent Gandhiji's viewpoint to any large extent, but, in practice, so far there has not been any marked conflict between the two viewpoints.
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> But I cannot conceive of the world or of any progressive country doing away with the big machine. Even if this was possible, this would result in lowering production tremendously and in this reducing standards of life greatly. For a country to do away with industrialization would lead to that country falling a prey, economically and otherwise, to other more industrialised countries, which would exploit it. For the development of cottage industries on a widespread scale, it is obvious that political and economic power is necessary. It is unlikely that a country entirely devoted to cottage industries will ever get this political or economic power, and so in effect it will not even be able to push cottage industries as it wants to."

I have given here these extracts from Panditji's article, as, on account of a recent pronouncements of some of our eminent political leaders, there is a feeling of nervousness among industrialists, investors and industrial workers, who are depending upon the large scale industries. As Pandit Jawaharlal Nehru says, full co-ordination is possible among large scale industries, small scale and cottage industries, which will provide ample employment to, and raise the standard of life of, our people. In Japan, I understand, this co-ordination has been successfully achieved, and the economic condition of her rural population has vastly improved. This disproves the theory that the organisation and development of large scale industries improves only the cities and towns and not

the villages; and I venture to say that a well thought-out, well-planned, methodical and scientific industrialisation will change the face even of our rural districts. I, therefore, appeal,—and I think I am not asking too much in doing so,—to the great leaders of the National Congress, to examine all these different aspects of the question and to issue a statement to re-assure the public mind. If this is not done, it may lead to capital fighting shy of investment, in times like the present when new industries have the biggest opportunity to be started and developed in the country. The development of indigenous industries will very much depend upon the assistance which they will receive from Provincial Governments, and I am, therefore, urging, with all the earnestness I can command, upon the great leaders of the Congress, whose representatives ruled over eight Provinces and who may return,—and will return,—to their charge very soon, to lay down a policy of industrialisation which will achieve the objective of co-ordinating small cottage and big industries as laid down by Panditji in his article, extract from which are quoted above, so that these popular Governments, when they come back to power, will take all possible steps to help the industrialisation of the country.

In this connection, I should like to refer to the labour programme of the Provincial Governments. While there is nothing to be said against these programmes if carried out moderately and scientifically and keeping in view the peculiar difficulties Indian industrialists are labouring under or are contending against, it must be said that it would be better if a full labour programme was put into effect when there is a responsible popular administration at the Centre. What happens, or what would happen, otherwise is that, while Provincial Governments with their sympathy with the labouring classes enacted certain laws and rules and regulations for their benefit, the foreign competitors of Indian industrialists would be enabled to compete against them, unless a responsible and sympathetic Government at the Centre look to it that whenever there was any such legislation there were consequential changes made in the tariff or steps taken to whittle down the competition of foreign manufacturers.

Restrictions on Exports

The war has brought about the institution of a machinery of economic control. The effect of this control has been mostly felt in the export trade. Prohibitions and restrictions, the procedure to be followed and the machinery for administering the control regulations have all put difficulties in the normal course of export trade and, in some cases, tended to cause avoidable delay. One can appreciate that in such an enormous task of transformation from peace to war economy, difficulties and mistakes are perhaps inevitable ; criticism of the same should be taken as serving an essential purpose and the authorities should examine them constructively and should so adapt their administrative machinery as would serve the pursuit of a vigorous and positive export policy. While exports of some goods are entirely prohibited, exports of very many goods, except to Empire countries, are permissible only under a license. Thus the great bulk of the raw materials, which form the normal export trade of the country, although there is no shortage as yet, is not allowed to move freely and is governed by the control scheme. Definite quotas have been prescribed for the various countries, calculated on the basis of the average total exports from particular ports in previous years, with restrictions on the maximum individual quota. Definite time limits for applications for quotas have been fixed ; these limits have not taken adequate account of the ordinary trade practices, of the other ancillary arrangements to be made, as for instance, arrangement for freight space and of the effect of the uncertainty which the whole control scheme has induced in the minds of the average exporter. Complaints are also frequent that these restrictions have tended to divert business from national to non-national agencies. It is further possible for the United Kingdom and Empire countries to get a price preference in respect of commodities the exports of which, while they are controlled so far as neutral countries are concerned, are unfettered to Empire countries. India cannot take advantage of the higher prices offered by buyers from neutral countries on account of the restriction scheme and the U. K. buyers are virtually able to buy at prices which are more favourable to them.

In this connection, I should like to refer to a resolution passed by the Council of London Chamber of Commerce, urging upon His Majesty's Government that while a measure of Government control affecting industry and commerce is necessary during war such control should only be imposed where it can be shown that the object to be attained cannot be achieved in a less disturbing way ; that the object is itself of such importance in the national interest as to outweigh the great disadvantages involved in disturbing existing manufacturing and distributing machinery ; and further that before coming to a conclusion under either heading the Government should consult with representative trade organisations and that the democratic method should be followed of consulting the trade, through its appropriate trade organisation, to ensure that the man selected from a trade to control that trade shall be acceptable to it, instead of being imposed upon it from without. These pregnant and weighty words, embodied in the resolution passed by such a responsible body like the London Chamber of Commerce may well be taken into consideration by the authorities here before passing their different measures, both executive and legal, and before making different appointments.

The loss of export markets in belligerent territories has to be reckoned with. Germany alone used to take about 8½ crores of Indian exports. Another 1½ crores went to Austria and Czechoslovakia. These markets may for all practical purposes, be deemed to have been lost to us. Our exports to countries contiguous to such enemy territory may also suffer some shrinkage. This lag naturally will have to be made up elsewhere. The figures for the 9 months of last year, viz., from April to December 1939 already indicate certain changes in the trend of our export trade. We have increased our share of the trade with Empire countries while the increase with the rest of the countries is not so pronounced. Thus, with Empire countries, from a total export trade of 58½ crores for the 9 months of the year 1938, it has risen to 63½ crores for the corresponding period in 1939. In respect of other foreign countries the increase has been only by just over 2½ crores although with the U. S. A. alone our trade has increased

by about 5½ crores from 13.3 crores to 18.8 crores. These changes in the trend have to be closely examined and watched. The channelising of our trade to Empire countries particularly under favourable conditions due to war referred to above, should not have the result of restricting our markets and depriving us of opportunities of expanding our share of the trade in the rest of the world. The increased offtakes in the Empire markets may not necessarily be lasting and permanent and it will, therefore, be advisable to seek pastures new to compensate us for the loss in enemy markets. The possibilities of getting a share in the trade which was hitherto being catered for by enemy countries like Germany should be explored.

It is, therefore, of paramount importance that the present adventitious circumstances should be harnessed to accelerate Indian recovery by purposive direction and assistance and by the pursuit of an export policy, which while fulfilling the fundamental essentials of a war economy, will, at the same time, secure to India a fair field and a fair price. The results may not be achieved by merely cutting away some of the recent growths of the red tape. A definite programme of planned assistance to exports is indicated and in this task Government both in the Provinces and at the Centre will be well advised to enlist the assistance and co-operation of a non-official advisory body to be set up for the purpose.

War Services and Indianisation

The policy of distrust of Indians and Indian Agencies is again prominently at work and it is a matter of deep regret that Indians are being sedulously kept out of the various departments and agencies created for the purpose of the war. Thus in the department of Defence Co-ordination, in the War Supply Board and in the War Transport Board, Indians have been excluded from all the key posts and the departments are manned by Europeans. A European, till recently connected with a British Shipping Company, has been appointed Controller of Shipping in India. This appointment was sought to be explained away by the fact that he was appointed by the Ministry of Shipping in U. K. Since

then, it has, however, been acknowledged that his services are being used also by the War Transport Board created by the Government of India. Appointments such as the Controllers of Enemy Firms, Controller of Textile Purchases, etc., have also gone to Europeans. In the non-official sphere advisers appointed to the Supply Board have all been selected from the British community ; Mr. P. S. Macdonald of Calcutta, is appointed Controller of Jute Purchases, Mr. P. F. S. Warden of Messrs. Jessop & Co., as Adviser on Engineering Supply, Mr. W. R. Watt of Cawnpore as Adviser on Wool Supply and Mr. A. F. Finlow of the Imperial Chemical Industries (India) Ltd., as Adviser on Dyes. Again Messrs. Ralli Bros., and Messrs. Binny & Co., both foreign firms, have been appointed agents for the purchase of wool required by Government. Similarly, a foreign firm has been appointed agent for the purchase of requirements in regard to leather goods. It cannot be seriously suggested that in the non-official commercial sphere Indians of suitable experience could not be found to be entrusted with such work. All this goes to illustrate clearly that with all the talk of a desire for expediting the transference of power to Indian hands the old policy of keeping Indians at arms length is still to continue and that Indians are not to be trusted in matters of importance. It is not only a question of national prestige ; it is also a matter where Indian interests are bound to be adversely affected. Thus, in cases where the purchase of supplies required for purposes of war are to be made by non-national agencies the fear that Indian agents and Indian suppliers may not be afforded equal opportunities is reasonable and legitimate. It may not be out of place to strike a note of warning that the Government of India would be well advised to take all steps to see that the scandals connected with the handling of supplies by the Munitions Board at the time of the last war are not repeated. With this state of affairs and against this background the display in the press of propagandistic news about the appointment of a solitary Indian to the Royal Air Force or about some promotion or commission given to Indian soldiers is, to say the least, a mockery and will not serve to deceive the average Indian public.

INSURANCE

With the passing of the Insurance Act, it was expected that the conduct of business of insurance in the country would be regulated on a basis which would indicate signs of healthy progress. But, unfortunately, the expectations have not been realised and some of the fears expressed even from the very start are being realised. The chief among them is the question of Chief Agents. While the Act limited the commission of Agents and Brokers, the provision therefor excluded Chief Agents from the scope of the limitation. The result was that the Chief Agents continued to be paid commission at rates which has not resulted in putting the business of insurance on sound basis which was the intention of the Act. Another matter in which Indian insurance interests are adversely affected is in regard to rules of various Tariff Associations of this country. The present Rules of these Associations prevent Indigenous companies from their natural development and progress. I hope and trust that these Tariff Associations will alter the Rules and give opportunity to Indian Companies to develop their business in a much better way than what had been in the past.

The Insurance Act gave a privileged provision to Lloyds Underwriters, in that they were not individually liable to the deposits prescribed under the Act. These Underwriters are also not bound by the rules or the schedule of rates of any Tariff Association. This led to complaints about attempts at business diversion and rate cutting. The attention of the Hon'ble the Commerce Member of the Government of India was drawn to this position when he last visited us. The Superintendent of Insurance has also been apprised of the facts. Complaints have reached the Chamber that the above peculiar circumstances and conditions have enabled the Lloyds Underwriters to divert business which was normally going to Indian insurers. In view of this, it is earnestly hoped that the Government of India will lose no time in re-examining this matter and in bringing about such changes in the frame work of the Act with a view to making it obligatory for such Underwriters also to conform to all the regulations and

obligations enforced in respect of other insurers in the country.

One of the insistent demands put forward on behalf of the Indian Insurance companies was that industrialists in the country, particularly those industries which derive some assistance from the community at large in the form of protection, should be under a moral as well as legal obligation to confine their insurance business with Indian companies. As national enterprises, protected industries like, for instance, textile demand and expect that the country should assist them to withstand competition from foreign sources. When such protection is extended to them it naturally forms part of their duty to see that in so far as it lies in their power, corresponding enterprises and undertakings which are of a national character are patronised and assisted by them. If the textile industry expects the nationals of the country to give it protection direct by a tariff wall and indirect by exclusive patronage, the community also expects that those in charge of affairs of the industry return this privilege by taking upon themselves the voluntary obligation of confining all their business and patronage to similar national undertakings. It is significant to point out that the total cost on account of insurance to be borne by a millowner or a mill agent will be negligible in comparison to the total turnover of the total expenditure in a mill and it should not involve any strain on them to make it a point of principle to see that all the business is given to Indian companies. It is a sad commentary on the state of affairs that in the year of grace 1940 when we are talking in terms of nationalism in all walks of life we have again to repeat an appeal to our industrialists and millowners that Indian insurance business should get all the insurance given in the name of and on behalf of Indian industries. I hope that this appeal will not have again to be made and that the response to it will be sincere and adequate.

Another matter to which I have to make a reference today is in regard to the difficulties experienced by Indian merchants and Indian Insurance companies by the reluctance on the part of Exchange Banks in accepting policies issued by

Indian Insurance companies. This was the subject matter of extensive correspondence between your Committee and the Exchange Banks' Association. For sometime there was an improvement in the position, but unfortunately, with the outbreak of the war, the Exchange Banks are again, on the ostensible excuse of some positive provision in their letters of credit, insisting that insurance policies in respect of India's export products, should be with British companies. Mutual goodwill and understanding between Indian and British mercantile interests are of paramount importance at this juncture and it is necessary to emphasise that India will no longer tolerate any discrimination savouring of racial considerations. The Chamber is in correspondence with the London Chamber of Commerce with a view to creating an atmosphere for the unconditional acceptance of Indian policies and it is to be hoped that their efforts in this direction will prove successful. It, however, becomes the duty of the British commercial community as represented by their Chambers of Commerce and the Exchange Banks' Association to bring pressure with their correspondents at the other end to see that difficulties of this nature are removed to the mutual advantage of the mercantile interests of both the countries.

Shipping

The large import and export trade in India plays an important part in India's economic prosperity. During the last few weeks we have, however, been hearing of the great difficulties which are being experienced by our exporters. This naturally leads me to offer a few remarks on the position of national shipping which is one of the greatest key industries of a maritime country like India. The domination of foreign shipping in our own home waters and India's entire dependence on that shipping in her overseas trades have been resented for years past by Indians throughout the country. India's utter helplessness in this matter, however, has been brought most vividly before our mind by the present war. There has been a great shortage of tonnage all round. We cannot get the ships that we badly need because Indian shipping companies have not been allowed to flourish and

India has no Ship-building Yards of her own. Look at, for instance, the large passenger traffic on the Konkan Coast exceeding a million passengers per year. Few as the Indian ships have been, they are all taken away by Government and this large but poor class of passengers forming the economic backbone of this great City has been deprived for months past of the regular, efficient and economic mode of transport by sea, from their country place to this city.

Protection in every manner possible has been the privilege of a National Mercantile Marine in every maritime country having its own national Government. Shipping is, however, the only unprotected industry in this country. India needs it for its economic prosperity. India wants it for its own defence. Indian shipping is driven to desparation and has been compelled to knock at the door of British shipping and ask for favours at their hands. The Indian Government have been profuse in their promises and assurances for helping Indian shipping to build up a substantial position in India's coastal and overseas trades. Whenever the time of action, however, has come, we are told : "Go to the British Shipping companies, negotiate with them, co-operate with them and plead for their goodwill." The tragic futility of this policy of so-called negotiations, co-operation and goodwill with the British shipping interests has been signally brought to light by the pronouncements recently made by Mr. Walchand Hirachand, the great fighter and builder of the National Shipping Industry in this country. Time has come when this barren doctrine of knocking at the door of the British shipping interests for favours to come should be replaced by the Government of India by a well-planned policy of active help to enable National shipping to promote India's prosperity in times of peace and to help India's effective defence during times of war. May I appeal to the Government of India not to persist in their present policy of apathy and indifference ? Every possible patronage which they bestow on British shipping belongs to India and Indian shipping, as a matter of right. It hurts India's pride and it affects India's prosperity when British shipping can make friends with foreign shipping

and allow it to carry India's maritime trades not only to the disadvantage of India but even at the sacrifice of its shipping industry. Let the Government of India read the signs of the times, recognise the needs of national shipping in India's own interests and adopt without any delay a national policy of active help and abiding encouragement for building up a National Mercantile Marine owned, controlled and managed by Indians themselves before it is too late.

It is, therefore, imperative that whenever any occasion arises for State intervention or State control or State assistance in matters affecting the shipping of this country the cause of national shipping and national shipping alone should receive paramount consideration and preferential treatment by the Government of this land. You are all aware that there had been very strong protests by our Muslim brethren throughout the country against the action of the Government of India stopping the ships registered in India from carrying pilgrims from India to Jedda during the current Haj season. Government, however, promptly complied with the wishes of the Muslim community and decided to regulate the sailings of the ships engaged in the pilgrim trade. It is, however, a matter of keen disappointment throughout the country that they allotted a lion share of 75% to the British vested interests and assigned only the meagre 25% to our national concern, the Scindia Company. .I do not wish to enter into the merits or otherwise of the various statements and counter-statements which have been issued by the Government of India and the two companies interested in the trade. The point that I wish to emphasise is that this is the first time that the Government of India decided to control the regulation of commercial shipping and it is, therefore, a matter to be deeply deplored that instead of giving preferential treatment to national shipping interested in the trade and thereby promoting the cause of that shipping in this country in consonance with their past promises and assurances, they have unfortunately utilised the occasion for strengthening the domination of foreign shipping interests in this country. The result is that the Scindia Company is compelled to suspend its sailings to the Hedjaz. It

is, however, a matter of some solace and satisfaction that not only have the leading Muslim organisations but an influential deputation which waited upon the Hon'ble Sir Jagdish Prasad also recognised the fact that

> " the entry of the Scindia Steam Navigation Co., Ltd., into this line had resulted in the raising of the standard of comforts and amenities and improvement of the conditions on the ships and therefore the Muslims now fear that withdrawal of this Company from this Line may again result in the unsatisfactory conditions that prevailed during the monopoly period being reverted."

This is a splendid recognition of the elements of humanity and comfort which the service of the Scindia has introduced into that trade. The Haj Committees of all the three ports open to the Haj Traffic, viz., Bombay, Calcutta and Karachi, have stated very clearly even after the suspension of the sailings by the Scindia that they want that company to remain in the trade and have urged upon the Government of India to take effective steps not only to fix uniform and economic rates in that trade but also to do justice to the claims of the Scindia Company which has raised the standard of travel in several respects in that trade. If any reason is wanted for the justification of the Government of India promoting national shipping, here is a splendid illustration of what national shipping has done and can do for the nationals of the country. Serious attempts are, however, being made, once that the Scindia has captured the imagination of the pilgrims to show that the foreigner is a national, but we hope there has been a sufficient awakening in this country against anyone catching its people into such a trap howsoever cleverly it may have been laid. I am sure the Muslim public, which has so enthusiastically welcomed the advent of the Scindia Company into this line and which has so freely recognised its services to the pilgrims going to the Hedjaz, will do its best not only to persuade the Scindia Company to resume its services in the next season but will also help it in every way to see that it does so consistently with its self-respect and in consonance with the universal demand in the country for building up a National Merchant Navy.

From the point of view of the history of our Chamber, the last year was made memorable by the completion of the

Lalji Naranji Memorial Building, to which we have shifted from June last. We could not, because of several circumstances, celebrate the Silver Jubilee of our Chamber ; but the completion of the building gave us an opportunity to utilise the occasion for celebration of the event as a land-mark in our history. I feel proud that I have been associated with the Chamber during this very year which saw the fulfilment of one of our long-cherished ambitions, and I hope that this splendid pile will house this noble Institution for a long, long period to come and that it will always go on fulfilling its mission of being the watch-dog of our business community.

Before I conclude, I desire to thank, and express my sincere gratitude to, the members of the Committee for the ready assistance and generous co-operation which they extended to me in the discharge of my duties during my year of office. When I assumed office last year, I must confess, it was with a feeling of nervousness ; but, then, I depended on the goodwill and active assistance of my colleagues on the Committee for the necessary guidance and I gratefully acknowledge that I had a full measure of such assistance. The final stages of the Building work and the scheme connected therewith put an additional strain on the members during the year and I am glad that the same was also cheerfully borne. It now only remains for me to acknowledge and put on record my appreciation and sense of thankfulness of the work done by our versatile Secretary and his energetic band of staff. They have always carried on their duties very cheerfully and with a fervour and enthusiasm particular to the institution.

With these words, Gentlemen, I move the adoption of the Report and Accounts for the year.

Mr. Chunilal B. Mehta, (the incoming President), while seconding the proposal for the adoption of the Annual Report and Accounts, spoke as follows :—

I have great pleasure in seconding the proposal for the adoption of the Report of the Committee of the work done during the last year, which is already in your hands.

Before I deal with any subjects of importance to the commercial community, I should like to express my thanks to you all for your unanimous election of myself as President of the Chamber for the new official year. I am obliged to the retiring President, Mr. Setalvad, for the very kind words in which he has referred to my election. Having been connected with business for a fairly long time, naturally I consider Presidentship of the Chamber as a great honour and as a great opportunity for service. I hope that at the end of my period of office I shall be able to hand over to my successor the reins of office, with a feeling that I have done my best for the Institution and that the Institution has progressed well during my period of office.

Industrial Development

The present war in Europe has thrown into bold relief, not only the helpless condition of India's industrial economy but also the invaluable opportunity that it should afford to her to get out of that desperate slough. It has vividly emphasised the dominant need of the hour on the part of both Government and the industrialists to seize time by the forelock and launch appropriate industrial ventures with courage and imagination. The high degree of adventitious protection that an external war automatically provides and the consequent fillip to rapid industrialisation have been turned to profitable use by most nations of the world, and are particularly patent in the economic history of U. S. A. and Japan. Unfortunately, the apathy of Government and the indifference of our industrialists require that this point should be strongly hammered, because it would be a suicidal error to let this unique opportunity slip by to the great detriment of the country. The same set of conditions presented themselves a quarter of a century before with an identical opportunity ; but Government assistance and individual initiative fizzled out before the echoes of the War died away, with the result that today, inspite of greater potential capacity, India is not able to take advantage of the opportunities offered.

Today, Britain is unable to export her normal peace-time merchandise ; as a matter of fact, she can hardly satisfy even

her own requirements of goods which she herself produces. She is hard pressed to find neutral sellers for her needs ; in these circumstances, far less can she commandeer them for the satisfaction of India's normal requirements. At such a juncture, India can not only produce what she imported in peace-time, but she can also extend her friendly hand of co-operation to Britain and France to fill in their economic and military lacunae, provided there is enough imagination on the part of Britain and His Majesty's Government in India to grasp that cordial hand.

To mention one instance, Railway equipment and rolling stock require constant replacement and renovation. Britain herself had to muster large resources after the first world war in order to renovate her own railway stock which was greatly strained due to war-time stress and absence of regular replacement. With the necessity of greater preparedness in the present war than in the last one, such a contingency is bound to arise even here in India. This is a pointer to the vast potentialities for development of railway workshops in India for manufacture of railway stores to the great gain of the country.

The same is the case with essential chemicals which are imported in large quantities for the use of many industries which heavily suffer in the absence of adequate and timely supplies of such materials due to war conditions. Investigation of the possibilities of manufacturing such chemicals and industrial products in the country merits serious consideration and opportunity should be taken to appoint an Industrial Research Body by Government consisting of industrialists, technical experts, researchmen, economists, etc., who would take the initiative in all questions pertaining to industries and advise Government in starting and developing industries in the country. Your Committee received urgent representations from the Sugar Industry in the matter of chemicals needed for the industry, the supplies of which have become uncertain owing to war. The case needs to be examined by Government, who after investigation should take steps to encourage manufacture of such chemicals in the country. Amongst other principal

imports from foreign countries are paper, hardware, drugs, medicines and glass and glassware, normal supplies of which have been rendered difficult under the present conditions and therefore it would be in the fitness of things that a beginning should be made and an opportunity taken to establish factories for the manufacture of such goods in the country. While on this, I cannot but emphasise the importance of organised contact between Industry and scientific research for proper utilisation of such research with regard to the industrial needs of the country, without which our industrial development cannot attain a standard of efficiency requisite for competing with foreign manufacturers. Of course, the necessary protection to withstand the post-war foreign dumping should be there from the Government of India.

Index Numbers of Wholesale Prices

I should like to draw your attention to the basis fixed by the Government of India for Index Numbers of Wholesale Prices. They have taken 1914 as their base year, for which they have fixed 100. Since 1914 the whole world has passed through a series of revolutionary changes, both economic, political and social and one cannot understand why the year 1914 should still continue to be regarded as the base year. It vitiates all our other calculations and any reference therefore to the index numbers becomes economically wrong and misleading. I should like to suggest, therefore, that the year 1927 should be taken as the basis for the index numbers, for the very good reason that in that year the 18*d.* sterling exchange was stabilised. The League of Nations has accepted the year 1929 as their base year, and the British Board of Trade has adopted average of 1930 as 100.

Not only have the Government of India erred in continuing to have 1914 as their base, but they have also erred in making up the index numbers from a jumble of raw materials, foodgrains, textiles, hides and skins, metals, etc. How difficult is the task in this country for a student of economics or a publicist to base his calculations upon the figures given by Government will be seen further from the fact that the working class cost of living index numbers for

Bombay city has been based upon the average prices from July 1933 to June 1934, which are taken as 100. The Labour Gazette, which gives this basic number, at a later stage takes the year 1938 as average for finding out the index numbers for wholesale market prices in the city. All these varying index numbers create a great confusion, and the Economic Adviser to the Government of India may well concern himself with the revision,—I may say a radical revision,—of these index numbers and the methods of arriving at them which, as they are, are at the root of many misreadings of the economic situation and have vitiated the economic reading with regard to trade and finances of the country. I should like to append herewith a summary of World Indices as given by the League of Nations in their "World Production and Prices," which shows how this premier organisation proceeds to do this work in a methodical, scientific and systematic manner.

Price Control

The question or problem that has most attracted public attention at present, is about the Price Control. Although the post-war period saw rapid changes in the structure of economic life by giving greater prominence to the doctrines of economic nationalism and economic self-sufficiency, the world-wide reactions on conditions of trade and commerce on account of the present war indicate in a striking manner that trade and commerce have still retained their international character and conditions under which they are carried on, are easily susceptible to international factors. One of the immediate results of the war has been to bring about a rise in the price of various commodities. The phenomenon is natural in any emergency as, anticipating relative shortage and probable increased cost of living, both the consuming public and the traders, alive to the possibility of a prolonged conflict, will try to forestall the developments, the former by covering their requirements for some time ahead and the latter by trying to conserve their existing stocks and selling them only at prices at which future replacements would be possible. This combined with huge Government orders and rise in foreign prices

has brought about a reasonable rise in the prices of Indian raw commodities and other articles. In the beginning, as an immediate measure, unco-ordinated measures were taken in different Provinces, but no measure can be successful where the natural law of supply and demand operates. This made the Government of India take up the problem. There have been one or two Conferences on the subject. The Economic Adviser to the Government of India has prepared a memorandum and has also expressed himself on the subject in a broadcast talk. Some moral considerations are also brought forward. Under these circumstances, rightly or wrongly, an impression has come to prevail in the minds of the public that the Government of India may take steps which would be against the best interests of Indian agriculturists and business. I would, therefore, like to deal today, in short, with this most urgent problem.

The Indian agriculturists were completely ignored during the decade when the depression lasted. The staple commodities registered a cataclysmic fall and the wholesale prices moved from 100 in 1929 (base 1929 equal to 100) to 82 in 1930, to 61 in 1934, 64 in 1936 and 67 in 1938, while for most of the other countries in the world the process of recovery has been more marked. During the last War the Indian agriculturists were deprived of a large portion of the benefit they would have otherwise derived, of the rising raw commodity prices, by the Government of India by raising the Exchange step by step. Further, whatever remained of the favourable balance of trade, India was not allowed to acquire gold by the prohibition which was imposed on the imports of gold, the result being that India was flooded with silver. Both the public and Government bought silver at very high prices. As you know, to our great cost, the post-war adverse effect on the price of silver was much worse, as compared with that on the price of gold and other commodities. Since 1926 the Government of India themselves became sellers of silver, and in 1935 the Silver Standard was abandoned even by China, a country which was the biggest buyer of silver. The fixing of the Rupee Exchange in 1927 at 18*d*. sterling

brought in its train a great depression, and the situation has gone on worsening since that event. Raw commodities began to decline heavily in prices and no remedy could be found by either economists or bankers, or financiers or even by Government themselves. Since September 1931, when England and India abandoned Gold Bullion Standard, a continual stream of gold has been flowing out of India, the aggregate amount being about Rs. 325 crores to date. This outflow of gold was mostly due to depression and has weakened considerably the sustaining capacity of Indians to at least five times that figure. That basis of credit of the Indian masses having disappeared, the position became very serious and critical. Though it might be cruel to say so, it must be observed that the declaration of the present war brought some economic relief. India has now the badly-needed improvement in her commodity prices, after such a disastrously long stretch of years, when she suffered through low prices. As said previously, an impression is created in the minds of the public that the Government of India may take steps, if not bring about any fall from the present level, to check any further rise. If this prevailing impression comes true, it will have the same effect as raising the value of the Rupee Exchange. A number of restrictions are imposed on the export trade, which have already resulted in checking the rise in prices. In some cases, as for instance wool, exports of the more important varieties are entirely prohibited and the Government of India themselves do not come forward to buy. This naturally forces wool producers as well as merchants to be obliged to bear the cost of carrying stocks and the prices are declining in the absence of demand from anywhere. One argument put forward for the proposal to bring down or check the rise in prices is that fixed wage-earners, or rentiers, are suffering from higher prices and cannot make the two ends meet; and another argument is that if the rise in prices continued wages will have to be raised considerably. I fully appreciate the difficulties experienced by fixed wage-earners, as also about the increase in wages. Such a situation would really be bad for countries, which do not produce and export raw materials in abundance and which

are mainly industrial countries. In India, however, the position is different, where industry plays a very small part as compared with agriculture, not more than 10 per cent of population being engaged in industry, as compared with 80 per cent in agriculture. What applies, therefore, to purely industrial countries does not apply to a more or less agricultural country like India. With regard to all such questions, my view is that India should be taken as a whole and not considered in sections or compartments. We have already suffered enough from the tragedy of considering India from the standpoint of communal divisions, and must not, therefore, try to introduce another set of divisions, in this case, economic. Our sole standpoint should be that, as long as India as a whole will benefit and the large masses of our population constituting agricultural population will benefit and their purchasing power will increase, all industries and all labouring population and all fixed wage-earners will also benefit. I do not see anything wrong if wages have to be raised, if the industry gets its benefit from the increased purchasing power of the masses. Let me be a little more clear. At present all industries which have Army orders such as jute, steel, etc., have already begun to get the advantage from war orders and as such they can easily afford to raise wages suitably. There are other industries, such as Textile, which have to rely on the increased purchasing power of the masses and which have not yet fully begun to show good results. But once the good effects of higher commodity prices begin to make themselves felt among the agriculturists, those industries are sure to show very good results. Let me also make it clear that I am not against any check against undue profiteering or speculation.

Stamp Duty on Bills of Exchange

I am glad that the Government of India have reduced the stamp duty on Inland Bills of Exchange to two annas per thousand. Your Committee have always been insisting in the past for this measure of relief to the business community, and we are naturally pleased that this suggestion has at last been accepted.

Sales of Silver in India

I congratulate the Government of India on their having adopted at last the policy of selling silver in India, after so many years. They began to sell silver from 1927 onwards, but they were doing so always through London brokers. It is good that they have now changed this policy in response to public opinion and instead of selling silver through London brokers are now selling it in India. The silver is in this country; the Government of India are the sellers and the Indian public are the buyers; and there had been no reason why with all these factors silver should have been sold through London. Now they are selling silver in terms of Rupees, which include the present import duty on silver. The Customs duty on silver which is sold here is considered a part of the price; but it would be better if the Customs duty was charged separately in the interests of pure accountancy; as all the profit on the sales of silver goes to Government, it will not make any difference whether the Customs duty is stated specifically separately or not; but if it is stated separately, it will show what is the Customs revenue derived from import duty on silver. It should also be provided that if silver is re-exported afterwards, there should be a refund of Customs duty on such exports.

Summary of World Indices. *Base 1929 = 100.*

Production	1930	1931	1932	1933	1934	1935	1936	1937	1938*
Total Primary Production ...	99	96	92	95	97	99	104	110	108
Thereof :— ...									
Agricultural (*a*) ...	101	100	99	101	101	101	104	109	108
Non-agricultural (*b*) ...	93	79	67	73	83	90	102	115	106
Foodstuffs (*c*)	101	100	100	102	102	101	104	108	109
Raw materials (*d*) ...	94	84	74	79	85	92	103	116	105
Stocks of primary commodities (*e*) ...	112	121	124	123	119	105	97	94	108
Total Manufacturing Production :—									
(1) Inclusive U.S.S.R. ...	88	79	70	78	86	97	112	120	112
(2) Excluding U.S.S.R. ...	86	74	63	72	78	87	97	104	93
Thereof :—									
Consumption goods (*f*) ...	91	87	80	87	90	94	101	105	99
Capital goods (*f*) ...	82	61	43	55	64	77	93	103	85
Quantum of international trade ...	93	86	75	75	78	82	86	97	89

(*a*) Includes (*i*) Foodstuffs: Wheat, rye, rice, sugar, wine, coffee, tea, cocoa, tobacco, barley, oats and maize; and
(*ii*) Raw materials of agricultural origin: Linseed, cotton, wool, raw silk.

(*b*) Includes rubber, petroleum, iron ore, copper, lead, zinc, tin, cement.

(*c*) This group is composed of (*a*) (*i*).

(*d*) The aggregate of (*a*) (*ii*) and (*b*).

(*e*) Yearly average.

(*f*) Excluding U.S.S.R.

* Provisional indices.

Mr. M. C. Ghia, the incoming Vice-President, thanked the members for having elected him to that office.

In the general discussion that ensued the following members participated :—

Mr. Manu Subedar, M.L.A.
„ Sarabhai Prataprai.
„ Pranlal Devkaran Nanjee.

The proposal for the adoption of the Annual Report and the Audited Statement of Accounts for the year 1939 was put to the vote and carried unanimously.

The result of the election of office-bearers of the Chamber for the year 1940 was then recorded.

Mr. Keshavprasad C. Desai proposed that Messrs. Devidas Vithaldas & Co., be appointed Auditors for the year 1940 and that their remuneration for the work be fixed at Rs. 100.

The same was seconded by Mr. Madhavlal M. Bhatt and on being put to the vote, was carried unanimously.

Mr. Sarabhai Prataprai proposed a hearty vote of thanks to the Chair.

The same was seconded by Mr. Russa H. Mehta and on being put to the vote was carried with acclamation.

The meeting then terminated.

REPORT OF THE COMMITTEE

OF

THE INDIAN MERCHANTS' CHAMBER

For the year 1939 presented at the 32nd Annual General Meeting of the Chamber held on 24th January 1940.

Your Committee have pleasure in presenting the 32nd Annual Report of your Chamber. During the course of the year 45 meetings of the Committee, and over 140 meetings of the various Sub-Committees, were held, the work done being of a varied and important nature.

The subjects dealt with by your Committee have been grouped under the following main heads :—

(1) Transport and Communications, (2) Finance, Tariff and Taxation, (3) Trade, Industrial and Labour Legislation, (4) General Trade and Industry, and (5) General.

I.—TRANSPORT AND COMMUNICATIONS.

Imperial Shipping Committee and British Shipping in the Far East.

On being informed that the Government of India were invited to submit their views on the report of the Imperial Shipping Committee regarding the position of British shipping in the Far East, the Committee of the Chamber sent a telegram to the Government of India on 18th May 1939 stating that as Indian shipping was vitally interested in this matter as also in the matter of Indo-Japanese maritime trade, commercial bodies and Indian shipping interests should be consulted by Government before formulating their views on the Report. Accordingly, the Committee were invited to submit their views and on 6th July they addressed the Government of India welcoming the issues raised by the Report of the Imperial Shipping Committee regarding the position of British Shipping in the Orient. They stated that it was a matter of great satisfaction to find that in the Report, the expression "British Shipping" was deemed to include the shipping of the Dominions as well as India, thus recognising the importance of Indian shipping, its place in the shipping of the British Commonwealth, and the necessity of improving the position of Indian shipping in the overseas trade. The Committee in this connection supported the representation made by the Indian National Steamship Owners' Association to the Government of India and urged Government to improve the position of the Indian Shipping owned, managed and controlled by Indians, in the light of suggestions set forth therein.

Preference given to the Mogul Line in Haj Traffic.

The Committee sent a telegram on 8th November to the Commerce Department of the Government of India, protesting against the arbitrary allocation to the Scindia Steam Navigation Co., Ltd., of only 25 per cent of the Haj traffic

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as against 75 per cent reserved for the Mogul Line. They stated that the Scindia had successfully catered to the Haj traffic to the entire satisfaction of the Muslim community and that it was unfair to a national concern like the Scindia to be given such small and unfair quota. It was urged that the quota fixed should be revised and should be made equitable and just to both the parties.

Controller of Shipping for India.

The Committee sent a telegram on 25th October to the Government of India urging the association of an Indian expert on an equal footing with Sir George Campbell who was appointed as Controller of Shipping for India. The telegram stated that if such an Indian was not associated, it was likely that interests of Indian shippers would not be properly looked after.

Deratisation of Countrycrafts.

In accordance with the requirements in regard to the International Sanitary Convention the Government of India had by a notification issued in December 1938 prescribed that countrycrafts should be deratised and wherever necessary fumigated for the purpose. The scale of charges for issuing deratisation certificate and for fumigation was also fixed by Government. The Committee of the Chamber had in March last addressed a communication to the Government of India pointing out that, while appreciating the need for such safety measures, the scale of charges fixed for issuing certificate and for fumigation was high and required to be reduced.

A reply was received from Government on 20th June 1939, pointing out that fumigation was undertaken by a private firm on contract and the fees for the purpose represented the actual amount payable to the contractors. The reply added that Government would consider the possibility of a reduction in the charges at the time of renewing the contract in April 1940 with the firm concerned.

Representative on the Indian Sailors Home Committee.

The Committee re-elected Mr. M. A. Master as the representative of the Chamber on the Committee of management of the Indian Sailors Home for a fresh period of two years.

Central Advisory Committee for Light Houses.

The term of office of the representatives of the Federation of Indian Chambers of Commerce and Industry on the above Committee, expired on 1st April 1939, and the Federation was called upon to elect 3 representatives for a fresh term of two years from that date. The Committee had nominated Mr. M. A. Master, Mr. G. L. Mehta, and Mr. Kaikobad Cowasji Dinshaw for the purpose. As a result of the election held in this connection the following gentlemen were selected as representatives of the Federation on the Advisory Committee :—

Mr. M. A. Master,
„ G. L. Mehta, and
„ C. Gopal Menon.

Freight on Empty Drums at Malabar Ports.

On a representation received from the Bombay Oil Merchants' Association regarding the high scale of freight charges on empty drums at Malabar ports, the Committee on 13th May addressed the Conference Lines concerned stating that the empty drums were charged at 6 pies per gallon (capacity) on which basis the freight per ton amounted to Rs. 7|8 as against the freight on coconut oil at Rs. 11|4 per ton. The Committee pointed out the high incidence of freight on empty drums which stood in the way of cheap transport of containers and of oil from Malabar coast, and urged a reduction of the same. The Conference Lines in reply stated that allowance had been made for the lower value of empty drums and consequently no reduction was possible.

Bombay Minor Ports Committee Report.

In response to a letter dated 27th April 1939 from the Government of Bombay, Revenue Department, inviting the views of the Chamber on the Bombay Minor Ports Committee Report, the Committee addressed Government on 26th August giving their views.

They protested against the constitution of the Minor Ports Committee which excluded representatives of Chambers of Commerce from its personnel and a mere co-option of a representative of this Chamber as well as that of the Chamber of Commerce who were invited to attend only when the Ports Committee had finally prepared their report. They pointed out that the Ports Committee had not made any useful suggestions regarding the possibilities of the removal and prevention of siltation, the maintenance of the navigable approaches to these ports and the retention of the economic nature of the water transport, even though the said Committee had been formed to consider these subjects for the development of minor ports. With regard to the one concrete suggestion about the development of Dholera Port by connecting it by road with Ahmedabad or connecting it with Dhandhuka by a branch railway, the Committee expressed their doubt as to whether the movement of trade by water through that port would conduce to real economy. In this connection they referred to the large amount that had been sunk in the development of the Port of Bombay and stated that any diversion of trade from Bombay to other ports was likely to seriously affect the economic structure of the City and the hinterland that lay behind it. They added that as the Ports Committee had not given proper data and materials in their report on which a sound policy for the development of minor ports could be based, Government would be advised not to take steps on the said report.

Storage of Coal on Port Trust Grounds.

(*Vide* page 134—Annual Report for 1938)

The Committee had carried on correspondence last year with the Bombay Port Trust regarding the difficulties experi-

enced by merchants in the matter of storage of coal on Port Trust grounds. The chief requirement was that the trade should be provided with storage accommodation at one and the same place both for bunker coal and for coal for town consumption. With the outbreak of war difficulties were again experienced in getting shipping freight for transport of coal and consequently coal began to move mainly by rail. With this, the difficulties of merchants in respect of storage accommodation reappeared in an intensified form and on representations received from members, the Committee again addressed the Bombay Port Trust on 18th September 1939 referring them to the previous correspondence on the subject and requesting that the matter be reconsiderd. A reply was received from the Port Trust authorities on 5th October 1939 informing the Committee that the construction of a railway siding to the Mazagaon Coal Bunder had been sanctioned with a view to centralise the coal storage areas for both sea and rail-borne coal at that Bunder.

Demurrage on Coal Wagons at the Manganese Depot.

The Committee were informed that the free time allowed for unloading coal wagons was reduced from 9 working hours to 4½ working hours and that any extra time taken beyond that period was liable to demurrage charges. The Committee thereupon addressed the Bombay Port Trust on 4th November pointing out that on account of the paucity of sea freight for coal traffic due to war, most of the coal was arriving in Bombay by rail. As a result it was but natural that the time for unloading wagons should have increased owing to increase in rail-borne coal traffic. Adequate labour was also not obtainable for the purpose. The Committee under the circumstances requested that the order curtailing the free time for unloading the wagons should be rescinded. The Bombay Port Trust in their reply dated 24th November informed the Committee that owing to the improvement in the position full free time allowance had been re-introduced.

Remission of Dock Extra Fees incurred on Imports due to War Conditions.

The Committee addressed the Bombay Port Trust on 5th December drawing their attention to the difficulties experienced by merchants in the matter of effecting clearance of goods from Port Trust docks on account of the delay in receiving documents covering such consignments.

It was stated that the delay in question was caused by the disorganisation of the sea-borne postal service due to war conditions as also due to the procedure of censorship. In this connection, the Committee referred to the case of some of the members of the Bombay Glassware Association in regard to extra charges they had to pay in respect of specific consignments. They suggested that in cases where proofs could be furnished that the delay was caused by the delay in the receipt of the documents, Port Trust authorities should arrange to refund the extra wharfage charges that might have been paid. The Bombay Port Trust in their reply dated 6th December stated that in all such cases one-third single extra fees shall be charged from expiry of the free days until the fifth working day after the date of receipt of shipping documents.

Facilities in Customs Examination Sheds.

The Custom House Clearing Agents Association represented to the Committee that difficulties were being experienced by the Clearing Agents and merchants as a result of the new system of examination in Customs Examination Sheds. The Committee thereupon addressed on 26th August 1939 the Collector of Customs stating that as the examination enclosure could accommodate only 75 packages at a time and as the packages were examined only after all of them were opened, such examination of only one round of 75 packages took an inordinately long time of four hours. They pointed out that all these examinations took place in the Examination shed on the first floor of the building which caused great inconvenience to the importers in arranging for the carriage to and fro of the packages from the various sheds to the

examination shed. The Committee suggested that facilities should be offered for packages to be examined in each shed and steps should be taken to remove the avoidable difficulties. A reply was received from the Collector of Customs on 30th September in which it was mentioned that the question of increasing the number of examination sheds was under consideration.

Dock Charges on Cutlery Articles.

It was represented to the Committee by the Bombay Cutlery, Toys, Glassbeads and Sundry Merchants' Association that, as a result of the changes effected in levying Dock charges from the per packet to weighment basis, cutlery articles were subjected to charges much higher than before. The Committee considered the matter, and requested their representatives on the Board of the Bombay Port Trust to examine the grievance and take such action as they might think possible.

Handling of Cases of Bottles in the Docks.

The Committee addressed the Bombay Port Trust on 30th November 1939 suggesting that fragile articles and consignments containing breakable goods should invariably be discharged in the godowns on the ground floor and that servants might be instructed to handle such goods carefully. It was stated that there had been complaints of heavy breakage in consignments of such goods as a result of their being discharged in upper floor godowns and through want of careful handling.

Interview with the Railway Commissioners.

Sir Guthrie Russell, Chief Commissioner, and Mr. T. S. Sankara Iyer, Financial Commissioner of Railways met the Committee of the Indian Merchants' Chamber on Wednesday the 19th July 1939 at 12-0 noon (S.T.) when the following questions were discussed :

1. Railway freight on cotton.
2. Railway freight on coal.

3. Railway siding and right to change terms and conditions.
4. Payment of Insurance premia from the Railway Provident Funds.
5. Railway rates in relation to trade and industry.
6. Bombay-Sind Railway, and
7. Canvassing of passengers by motor touts within railway premises.

Commercial Panel of the Railway Rates Advisory Committee.

Mr. Kapilram H. Vakil was nominated as representative of the Chamber on the Commercial Panel of the Railway Rates Advisory Committee in the vacancy caused by the death of Sir Phiroze C. Sethna. The other representatives of the Chamber on the Panel are Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., Mr. Manu Subedar, M.L.A., Seth Mathuradas Vissanji and the Hon'ble Sir Rahimtoola M. Chinoy, Kt.

B. B. & C. I. Railway Local Advisory Committee.

The Committee elected Mr. Dhirajlal C. Modi to serve on the B. B. and C. I. Railway Local Advisory Committee as a representative of the Chamber for a fresh term of two years from 12th January 1939.

Constitution of the Railway Local Advisory Committees.

The Committee addressed the Railway Board drawing their attention to the Constitution and Rules of Procedure of the B. B. and C. I. Railway Local Advisory Committee, wherein it was provided that the Agent of the Railway should ordinarily preside over the meetings of the respective Committees and that if and when the Agent was unable to so preside in person, the chair would be taken by a representative of the Railway to be specially nominated by the Agent for the purpose. The Committee in this connection pointed out that this position was unsatisfactory, and that as with all statutory Committees and other bodies, the Local Advisory Committee of the Railway in question should have the right

of electing a *pro tem* President for particular meetings in the absence of the official President. They urged the Railway Board to amend the rule in question so as to leave freedom to the Advisory Committee to elect its own Chairman on occasions when the statutory Chairman was unable to be present. The Railway Board in their reply dated 14th August stated that the Committees functioned in an advisory capacity, and as such it was proper that their deliberations should be presided over by a senior officer of the railway concerned. They observed that in the absence of the General Manager the Head of a Department presided under instructions from the General Manager and therefore there was no likelihood of a junior official presiding over the Committee.

Manufacture of Railway Stores.

The Committee on 22nd August addressed the Railway Board drawing their attention to the urgent necessity for the manufacture in India of stores for the use of the railways. They regretted that the railways which were the biggest investment of the people of this country, should have to depend upon foreign countries for the supply of their necessary stores. They stated that if the railways had followed a far-sighted policy of encouraging the local manufacture of railway stores including the manufacture of locomotives on a large scale, India would have gained greatly. They stated that in the present crisis it might be that India might have to depend on her own resources when such a policy would have helped the railways to carry on. They urged Government to take all possible steps to examine the possibility of manufacturing in this country all necessary railway stores. The Railway Board in their reply dated 21st September gave a detailed list of items which were being manufactured in India and stated in justification of their policy that in 1928-29 the State-managed railways had obtained 42.19% of their total stores requirements from indigenous sources and that by 1938-39 this figure had risen to 63.46%. The Committee in their reply dated 4th October desired to know what was exactly meant by "indigenous sources" referred to in their previous letter

in connection with their statement to the effect that the State-managed railways had obtained 42.19% of the total requirements of their stores in 1928-29 from indigenous sources, etc., and whether it meant genuine *bona fide* Indian manufacturers to which a reply was received in the affirmative.

Railway Siding at the Alembic Chemical Works at Baroda.

(*Vide* page 165—Annual Report for 1938)

It will be recalled that the Committee had addressed the B. B. and C. I. Railway, protesting against the proposed altered terms of agreements for the continuance of siding facilities for the Alembic Chemical Works at Baroda. The Railway Company in their reply dated 6th January 1939 stated that the question of revision of the said agreements for railway sidings had been dropped and as such the old terms and conditions would continue.

Railway Siding at Kharaghoda for Pioneer Magnesia Works.

On receiving a representation from the Pioneer Magnesia Works Ltd., the Committee addressed the B. B. and C. I. Railway on 31st March drawing their attention to the terms of the revised agreement between the Railway and the company with regard to the railway siding at Kharaghoda for the use of the company. The Committee stated that the company had been paying at an average of Rs. 30|- per annum since last 17 years for the siding facility, whereas under the new agreement they were to pay as much as Rs. 861 per annum, or 30 times the old scale of charges. The Committee stated that although such a revision was occasioned by a change in the constitution of the company and that the Railway were technically within their right to revise the old arrangement, still equity and fair play would require that such changes should not be made in a vexatious and arbitrary manner and that a technical change in the constitution of the Company should not be taken advantage of in this manner inasmuch as the Company in all important respects did not change form. The Committee referred to the case of the Alembic Chemical Works Co. Ltd. siding at Baroda, the

revised terms in regard to which were dropped by the Railway after due consideration, and urged the Railway to reconsider the matter and to restore the old scale of charges for the agreement in question. The Railway Company in their reply dated 17th April stated that the terms and conditions in the case of the company were not peculiar to them but were applied to all newly-constructed sidings.

The Committee in their reply dated 8th May stated that although the Railway had a legal right to revise the terms according to the provisions of the old agreements in such cases, this right should not have been used to the prejudice of the constituents and the terms should *ipso facto* have been continued in respect of new agreements for providing siding facilities.

Unit of Weight for Purposes of Charges on Railway Parcels.

The Committee had addressed letters on 10th June both to the G. I. P. and the B. B. and C. I. Railways, suggesting that parcels should be charged on the basis of a unit of $2\frac{1}{2}$ seers and that the present practice of charging them on the basis of 5 seers unit meant an avoidable burden in certain cases to the users of the railway. They pointed out that when the minimum chargeable weight was reduced some years back the general impression was that this minimum would also hold good as a unit for purposes of charges. Replies were received from both the railways regretting their inability to accept the suggestion made by the Committee. Information is being gathered regarding the practice followed in this regard on foreign railways and on receipt of the necessary particulars the matter will be pursued with the Railway authorities.

Railway Freight on Groundnuts from Tandur to Bombay.

(*Vide* page 176—Annual Report for 1938)

The Committee had requested the G. I. P. Railway to reduce the Railway Freight on Groundnuts from Tandur to Bombay with a view to stop diversion of Groundnut trade from Bombay to Coconada ports as recorded in the Report of the Committee for 1938. The Railway in their reply dated

23rd January 1939 stated that no reduction was possible in the existing rate.

Railway Freight on Coconuts, Copra, Pepper and Ginger.

It was represented to the Committee that as a result of the reduction in steamer freight for the above commodities from Malabar Ports to Karachi, the transport via Karachi of the said articles from Malabar to trade centres in the Punjab had become cheaper, and that the trade in these commodities passing through Bombay to the Punjab centres had been diverted via Karachi as the steamer freight from Malabar to Bombay had remained the same. The Committee thereupon addressed on 18th August the British India, the Scindia and the Asiatic Steam Navigation Companies, pointing out that the reduction in steamer freight in these commodities granted from Malabar ports to Karachi should also be made possible in case of freight rates from Malabar to Bombay. They quoted the figures of steamer cum railway freight charges from Malabar to stations in the Punjab both via Bombay and via Karachi in respect of certain commodities and pointed out that all-in-transport charges via Karachi were less than those via Bombay. The Committee urged that the position with regard to freight rates from Malabar to Bombay should be set right by granting equivalent amount of reduction to prevent diversion of trade from Bombay to Karachi.

They also addressed the B. B. and C. I. Railway drawing their attention to the loss of corresponding traffic over their line as a result of the reduction of steamer freights from Malabar to Karachi and stated that the Railway should also give adequate concession in the rates by special station-to-station rates to various centres in the Punjab, with a view to preserving Bombay's share of the trade as well as securing to the Railway their share of the revenue in respect of the traffic from Bombay to stations in the Punjab. The Railway in their reply dated 19th September stated that the railway freight rates from Karachi to stations in the Punjab were lower because the distance was much shorter than from Bombay to such stations, and that the competitive difference

was greatly in favour of Karachi. Under the circumstances they expressed their inability to reduce their rates from Bombay to stations in the Punjab.

The Committee had also addressed in this connection the Conference Lines regarding the reduction of steamer freight from Malabar Ports to Karachi and to grant corresponding reduction in such freight from Malabar to Bombay. The Conference Lines in reply stated that there was no reduction of freight since 1935 and that they were, therefore, unable to do anything in the matter.

Coal Traffic.

A conference was called by the General Manager, G. I. P. Railway, to discuss the movement of coal traffic in the slack season and the busy season to which Mr. Thakorelal H. Vakil was nominated to represent the Chamber.

Surcharge on Coal.

The Committee addressed on 5th October 1939 the Railway Board in connection with the notification issued by the E. I. and G. I. P. Railways announcing reintroduction of the surcharge of 12½% subject to a maximum of Re. 1|- per ton, leviable on coal, coke and patent fuel as from 1st November 1939. The Committee pointed out that in the past the Indian industries and commercial interests had urged for a substantial reduction in the coal freight and had protested against a surcharge on coal freight in the interest of industrial development in the country. The Committee suggested that if the reintroduction of surcharge was unavoidable, at least a period of six months should be allowed before the decision was put into force, to give the merchants sufficient time to meet the difficulties arising out of their existing contracts. The Railway Board in their reply dated 4th November stated that the circumstances on account of which the surcharge had been withdrawn in the past did not exist now and therefore the reintroduction of the surcharge was justifiable.

Railway Classification of Paper.

The Committee in their letter dated 27th July drew the attention of the Railway Board to the existing unsatisfactory classification of paper and cardboard in the Goods Tariff. They stated that printing paper in bales was classed at 2 R.R. while wall paper was charged at 6 R.R. They cited an instance wherein a consignment of poster-paper was treated by the Railway authorities as wall paper and charged at 6 R.R. They pointed out that poster-paper was in no way different from printing paper except that it was much cheaper in price. It was urged that the Railway Board should look into the matter and re-arrange the classification in question so that poster-paper may not be called upon to pay a higher charge than printing paper. The Committee also pointed out that cardboard in bales or bundles to Ahmedabad was charged under class 4 R.R. while printing paper which was much more costly was put on a lower classification, viz., 2 R.R. They stated that this anomaly was responsible for attempt to evade payment of due freight on cardboard by declaring such consignments as paper. The Committee suggested that cardboard in bales and bundles should also be classed 2 R.R. to remove the anomaly. They also suggested that the nomenclature for this purpose should be changed to "Boards" in place of "Cardboard" to include all categories.

Changes in Railway Classification.

The Indian Railway Conference Association, from time to time, invited the views of the Committee on the proposals under consideration for changes in regard to freight classification for various commodities. The Committee after consulting trade interests concerned made suggestions to the Association in the light of the views expressed by the trade. The following were the more important commodities in respect of which such views were invited during the year :

1. Noil Yarn.
2. Boiler Composition.

3. Wattle Bark.
4. Nepheline Syenite.
5. Wax Blanks.
6. Pomade Vaseline—scented.

Mileage Coupon Tickets and Personal Presence.

At the instance of a member firm the Committee addressed the G. I. P. Railway drawing their attention to the inconvenience caused to the holders of coupon tickets by the insistence of the Railway servants at the booking counter on the personal presence of the holders for the purpose of issuing tickets against mileage coupons. The Committee explained that these coupons were generally purchased in the names of senior and responsible officers of Commercial Houses, who were naturally busy people and it would be very inconvenient for them to attend personally for getting their tickets when they might be busily engaged on the day previous or a few hours before the date on which a journey was contemplated. In this connection they stated that although a similar rule requiring personal presence was in force on the B. B. & C. I. Railway, the same was waived by the Railway for the convenience of such coupon holders. The Committee requested the G. I. P. Railway authorities to waive the condition in regard to personal presence and exchange tickets even when sent through a messenger with proper authority from the holder of such coupon tickets. The Railway in their reply dated 24th March 1939, stated that they had issued instructions to the staff at the Victoria Terminus to issue tickets in exchange for mileage coupons against written requests from the holders of the coupons presented through their clerks or servants, provided such letters were accompanied by mileage coupon books and the signature on the letter corresponded with the signature in the coupon book.

Railway Season Tickets in the Names of More than one Person.

A member firm informed the Committee that the East Indian Railway had introduced the practice of issuing monthly

tickets locally over their line in the names of three representatives of registered firms and limited liability companies subject to the condition that the ticket would be used by one employee at a time. After verification of the correctness of the information from the E I. Railway, the Committee addressed the G. I. P. and the B. B. & C. I Railways on 8th September drawing their attention to the introduction by the E. I. Railway of the issue of monthly tickets in the names of three representatives of registered firms under the same terms as apply to the issue of monthly tickets in the name of one individual, and requesting them that this system should be introduced over their Railways. It was explained that difficulties were experienced by employers under circumstances when such monthly tickets in the name of one individual proved useless for the purposes of travel when the individual in whose name the ticket was issued would not be in a position to travel. They urged that under the circumstances the Railway should introduce the system in question over their lines. A reply was received from the B. B. & C. I. Railway on 8th September to the effect that the change suggested could not be agreed to.

Through Booking Anomalies over the G. I. P. Railway.

A member of the Chamber drew the attention of the Committee to certain anomalies in through booking over the G. I. P. Railway. Thereupon the Committee addressed the G. I. P. Railway stating that a through First Class return ticket from Bombay to Howrah either via Nagpur or Jubbulpore would cost more than a journey which was booked in two halves from Bombay to Nagpur or Jubbulpore and from Nagpur or Jubbulpore to Howrah. The Committee contended that there was no justification for the difference in charges and stated that through booking should have provided a concession in fares in comparison to those for broken bookings. The Committee desired to know the reason for this difference in the rates for through and broken booking.

The Committee drew the attention of the railway to their practice of reserving berths only after the tickets were bought.

They stated that for such tickets purchased in advance, the period allowed for return journey was computed from the date of purchase of the ticket and not from the date of the commencement of journey. The Committee urged that this disadvantage to a purchaser of a ticket in advance should be removed. The Committee also pointed out that when the Railway issued a through return ticket covering the G.I.P. and a foreign line, such a through return ticket issued by the railway did not take into account the concessional rate for a return ticket in force over the railway. The Committee urged that the complaints above enumerated should be examined and a readjustment of the rules in force should be brought about. The Railway in their reply dated 22nd March pointed out that the concession return fare between Bombay and Nagpur was introduced with the specific object of bringing these two large cities into closer contact with each other and that through passengers to Calcutta could not claim the advantage of the reduced fares between Bombay and Nagpur only. Regarding the advance reservation of seats, they admitted that it was incorrect that the date of issue of such tickets should be taken as the date of commencement of the journey and added that they were in correspondence with other railways to ascertain the practice on those railways and if possible would correct the present practice.

Inter-class Accommodation Between Ahmedabad and Bombay.

At the instance of the Karachi Indian Merchants' Association the Committee had approached the B. B. & C. I. Railway through their representative on the Local Advisory Committee of that Railway for the introduction of inter-class accommodation on the Gujerat and Kathiawar mails between Bombay and Ahmedabad. On the Railway turning down their request to consider such accommodation, the Committee addressed the Railway Board on 12th December in the same connection. The lack of such accommodation greatly inconvenienced those travelling by the above two trains, especially in case of merchants travelling between Sind and Bombay,

who had to travel by third in the absence of such accommodation between Bombay and Ahmedabad. As against the plea of the railway that the receipts from second class would fall away in case of the introduction of inter-class accommodation, the Committee maintained that those accustomed to travel by second class would not travel by inter-class. Besides, the railways as a public utility concern were required to introduce such accommodation in the interest of the travelling public.

Long Foot-bridge of G. I. P. Railway at the Victoria Terminus.

It was represented to the Committee that the long foot-bridge of the G. I. P. Railway at the Victoria Terminus, was a long standing hardship to the third-class passengers and that the said passengers should be allowed to entrain from the main station entrance. Thereupon the Committee requested their representative on the Advisory Committee of the G. I. P. Railway, to take up this matter with the Railway authorities with a view to remove this long standing grievance of the third-class passengers.

Canvassing by Motor Touts within Railway Premises.

The Committee on 6th July, addressed the Railway Board drawing their attention to the proposal of the Indian Railway Conference Association to prohibit the entry on Railway platforms of persons for purposes of canvassing for passengers or soliciting for fares for vehicles plying on hire. They stated that they were in agreement with the suggestion to prohibit beggars and hawkers which the proposal contemplated. They desired to know whether the proposal of the Railway Conference Association included touts or agents for hotels, steamship services, guides for visitors, etc. The Committee requested the Board to consult commercial opinion and give an opportunity to all organisations concerned to express their views on it before sanctioning any amendments to the rules in question.

Concession for Transport of Fodder, etc. for Famine Areas.

In view of the prevailing famine conditions, the Committee, on 17th August addressed the Government of India

to grant railway concession for transport of fodder, etc. for famine areas in case of British Administered areas and Indian States in the Bombay Presidency.

In view of the famine concession rates on grass consigned from stations in the Thana District to Viramgam and Bavla stations already granted by the Bombay Government, the Committee requested the Government of Bombay to issue instructions to the Railway for extending the concession to all areas in the Presidency where famine conditions had been reported.

Insurance Premium from Railway Provident Funds.

On being represented that in case of several Provincial Governments, Local Boards, Municipalities and other companies, the rules in regard to Provident Funds allowed payment of insurance premia on account of the members of the staff concerned from the accumulations to the Provident Fund account, the Committee addressed the Railway Board stating that such a facility was not allowed in respect of Railway Provident Funds. They stated that Provident Funds were mainly intended as a provision for the future for the employees and if insurance premia were permitted to be paid from such funds the object of the funds would be doubly served. They pointed out that such a facility would help the development of the insurance habit within the country as well.

Proposed Ban on Electric Horns for Motor Cars.

The Committee addressed on 6th January 1939 the Commissioner of Police for the City of Bombay stating that the ban on the use of electric horns as an experimental measure for a period of six months proposed by Government on the recommendation of the Traffic Advisory Committee, had evoked protests from motor interests. The Committee stated that it was a matter of opinion whether the proposed ban on electric horns would abate the nuisance of noise arising from hooting of such horns, which was evidently the object of the Police Department for considering such a ban. The Committee stated that there was no valid reason for allowing the

use of bulb horns in preference to the electric horns. The Committee referred to the practice in Calcutta where the electric horn was prohibited and stated that the bulb horn there proved to be as much a nuisance. The Committee emphasised that the electric horn had certain advantages in that it could be operated much more quickly and therefore from the point of view of safety it was preferable to the bulb variety. Besides the Committee stressed that all modern cars were fitted with electric horns and in case the proposed ban was insisted upon by the authorities, additional expense would have to be incurred by those having electric horns for replacement of bulb horns. The Committee urged that the idea of the proposed ban should be given up and instead the existing rules for the prevention of abuse of horns should be more stringently enforced. The Committee were subsequently informed that the proposal had been abandoned.

Representative on the Traffic Advisory Committee.

Mr. Mohanlal A. Parikh was elected as a representative of the Chamber on the Traffic Advisory Committee for a period of two years vice the late Mr. L. R. Tairsee.

Permanent Deputy Commissioner of Police in Charge of Traffic.

The Committee through their representative, the late Mr. L. R. Tairsee, had represented to the Traffic Advisory Committee that the post of the Deputy Commissioner of Police in charge of traffic was being continually changed and that it should be made permanent in view of the importance of the duties connected with it. The Commissioner of Police in his reply dated 20th September advised that their suggestion would be borne in mind when any such change was contemplated.

Election of a Representative on the Board of Communication.

The Committee elected Mr. Keshavprasad C. Desai, B.A., LL.B., as the representative of the Chamber on the Board of

Communications vice Mr. K. S. Ramachandra Iyer, for a period of two years from 1st November 1939.

Acceptance of Market Reports at Book-post Rates.

As recorded in the report of the Committee for the year 1938 the Committee had addressed the Director-General of Posts and Telegraphs suggesting that Clause 57 and the sub-clauses thereto should be amended so as to specially include printed circulars where only the rates were filled in writing and that such circulars should be accepted at book-packet rates.

The Director-General in his reply dated 17th December 1938 stated that entries in manuscript with regard to Market Reports did not fall within any of the sub-clauses of Clause 57 of the Post and Telegraph Guide. Besides the market reports under reference started with "Dear Sirs" and ended with a message which amounted to a personal communication which was inadmissible under the relevant clauses of the guide. He stated that if these objectionable features were removed such market reports with their rates printed and not in manuscript would be accepted at book-post rates. The Committee in their reply dated 6th January 1939 stated that other conditions were acceptable to them except the last one which required that the rates should be printed in the market reports to allow them to be accepted at book-packet rates. The Committee explained that the rates were a varying factor and the object of such reports was to keep the upcountry clients informed of the rates available at the close of the market on a particular day. They pointed out that very little time between the closing of the market and the day's last post was left to get the rates printed. They stated that if the condition of getting the rates printed was insisted upon such market reports and rate circulars would be denied the benefit of being treated as book-post packets and therefore they urged that the said condition should be waived and the market reports with rates filled in manuscript should be accepted in the interests of the public concerned.

The Committee had also requested Mr. Manu Subedar, their representative in the Central Legislative Assembly to take up the matter with the authorities concerned. The concession in question was sanctioned by the Postal Department, and by a notification dated 1st June 1939 issued by that Department, it was announced that such market reports, although the rates might be filled in manuscripts, would be allowed to be transmitted at book-packet rates.

Minimum Charges for Foreign Deferred Telegrams.

Under the rules in force, charges for a minimum number of five words are recovered for deferred telegrams sent from India to foreign countries, even in cases where the telegrams might contain a lesser number of words. The Committee on 25th May, addressed a letter to the Director-General of Posts and Telegraphs, suggesting that only the actual number of words in the telegram should be charged for and that there should be no provision for a minimum in this regard. In the reply dated 6th June, the Postal Department informed the Committee that the minimum was fixed in accordance with the decisions of the International Tele-Communication Conference held at Cairo in 1938, and from 1st January 1939 the rules regarding minimum number of words applied universally. It was therefore not possible for the Government of India to take any action for changing the rules in that regard.

Charges for Hand-Microphones and Bell-Set Cords.

As recorded in the report of the Committee for 1938 the Committee had further addressed the Bombay Telephone Co. Ltd., in respect of the high charges levied on hand-microphones and also the high extra charges recovered for supplying longer bell-set cords with the instrument. The Telephone Co., in their reply dated 20th December 1938 stated that they had decided to reduce the charge for each hand-microphone instrument from Rs. 10|- per annum with a maximum of Rs. 40|- for any one instrument on any one line to Rs. 6|- per annum with a maximum of Rs. 30|- for any one instrument on any one line.

With regard to extra charges on long cords, the company explained that they tended to reduce the efficiency of the system which had already a high calling rate and therefore they were unwilling to reduce the charges for the long cords. They also stated that they could not entertain the proposals for supplying amenities to the subscribers without levying extra charges for the same as otherwise they would not be able to secure an economic return for the capital invested.

The Committee in their reply dated 11th January 1939 stated that they were disappointed at the small reduction in the charges for hand-microphones. They held that so long as the company provided for free installation the subscribers were entitled to the use of a hand-micro without having to pay any extra charges for the same. They stated that the book value of Rs. 5 to Rs. 6 lakhs of the old type instruments in use, as well as the reduction made in 1935 in the standard rates did not justify the extra charge for the hand-micro. They stated that as a public utility service the company was required to provide the latest appliances available and the public could not be burdened with extra charges for each improvement. They stated that the company should provide for such expenditure by limiting the distribution of annual dividends.

With regard to long cords the Committee stated that the extra charges for the same were out of all proportion to the service rendered by them and added that after paying a heavy price the ownership of the cords was with the company and not with the user. The Committee referred to their previous correspondence and desired to know whether this matter had been reviewed by the Board at the end of the year when annual accounts were completed as promised by them by their letter of the 8th December 1938.

Bombay Telephone Co.'s Alternative Message Rate System.

The Bombay Telephone Company by their letter dated 30th March, informed the Committee that they proposed to

introduce an alternative message rate system for residential lines with scale of charges as below :—

Rental	..	.. Rs. 8 per mensem.
Calls	..	.. 1 anna each.
Installation fee		.. Rs. 10.

The Committee in their reply dated 1st May, stated that they were opposed to the idea of the message rate system entirely, and recalled that during the years 1925 to 1927, when the proposal to convert the flat rate to message rate basis was under consideration, the Committee had conveyed their objection to such a scheme. They stated that the present proposal, though put forward as an alternative, was considered as the thin end of the wedge and that the Company would ultimately make efforts to get the whole system altered to the message rate basis. They pointed out that if a subscriber put through more than three calls on an average per day, he would have to pay more than what he had to pay under the flat rate basis, and in the case of party line system the subscriber putting more than one call per day would find the party line cheaper than the proposed message rate alternative. The Committee stated that the system proposed to be introduced was not at all in the interests of the small users. The Committee desired to know the estimate of the capital expenditure required for necessary equipment and installation incidental to the new system and also whether orders for the same had already been placed. The Committee reminded the Company that the future position of the ownership and management of the Telephone service was still a matter for decision by the Government of India and it was unfair for the Company to make new commitments of avoidable nature.

The Committee also addressed on 12th August the Government of India enclosing copies of the above correspondence for the information of Government. The Committee stated that the Telephone Company had already ordered out equipment necessary for the alternative system and as matters stood they would introduce the system notwithstanding public opposition to it. They stated that the

present proposal, though put forward as an alternative, was considered as the thin end of the wedge and that the company would ultimately make efforts to get the whole system altered to the message rate basis. They stated that the system proposed to be introduced was not at all in the interests of the small users as was represented by the company. They urged Government to intercede in the matter and take steps to make the company abandon the proposal in question. They suggested to Government the desirability of an enquiry into the working of the Bombay Telephone Co. They pointed out that the company was making good profits and being a public utility concern was not free to exploit their monopolistic position for their own advantage. They suggested that the scale of charges levied by the company should form the subject of an examination by the Government of India.

The Director-General of Posts & Telegraphs in his reply dated 2nd September stated that as the message rate system to be introduced by the Telephone Company was an alternative to the existing flat rate and therefore optional, the subscribers for such a system would take advantage of the same only in case they benefited from the system.

Regarding the apprehension that such a system for residential lines would be a preliminary step to the introduction of such rates for the service as a whole, it was stated that Government would carefully consider such a change before approving the same. He stated that Government could only intervene when there had been any infringement by the company of the rules under the agreement entered into with the company and that as the company had uptill now abided by their agreement, they could not accept the proposal for an enquiry into the working of the company.

Trunk Telephone Tariff.

The Committee addressed a letter on 23rd June, to the Director-General of Posts & Telegraphs, submitting a case for a reduction in the charges for Trunk Telephone Service. After examining the figures of the working of the Posts & Telegraphs Department as a whole during the last 10 years,

the Committee pointed out that the Department, and particularly the Telephone Branch, had been making increasing profits year after year. They further compared the rates charged by the Indian Trunk Telephone service with those charged by certain foreign services, and pointed out that the Indian charges stood in need of immediate reduction. They submitted that having regard to the fact that the Posts & Telegraphs Department, although considered a commercial department, was a public utility service and as such the charges should not be so fixed as to involve a burden on the users of the service. They strongly urged the need for an immediate reduction in the Trunk Telephone tariff. A reply was received from the Postal Department informing the Committee that on financial grounds it was not possible to effect any reduction in the charges for the time being and that the matter would be re-examined at a later date.

Restriction on Outward Calls on Government Telephone Service.

The Committee in a communication dated 16th June addressed to the Director-General of Posts & Telegraphs referred to the report regarding the restriction on outward calls from private telephones in India and desired to know whether the proposed restriction applied to only places where ordinary telephone service was owned and run by Government, or whether it also applied to users of Trunk Telephone Service. The Director-General of Posts & Telegraphs in his reply dated 17th July stated that the Hiring Contract for connections from the Telephone Exchanges of his department provided that if a subscriber made outward calls at the rate of more than twenty calls per day he would be asked to rent additional connection and in default his connection would be closed. He stated that in view of the abnormal number of calls made by the subscribers, and the consequent abuse of telephone connections, it was decided to enforce the condition in the Hiring Contract restricting outward local calls to 20 per day. He stated that Trunk calls did not come within the restriction. The Committee in their reply dated 14th

August regretted that the general body of subscribers should be penalised for the abuse in exceptional cases. They pointed out that the restriction proposed would cause great inconvenience to subscribers in the mofussil and that the commercial community were greatly exercised about it at a time when their trade and commerce were anything but prosperous. They urged that the restriction should not be enforced.

Publication of a Classified List of Subscribers in the Gujerati Directory of the Bombay Telephone Co., Ltd.

It was represented to the Committee that the Gujerati Directory of the Telephone Company did not include the classified list of subscribers as in the English Directory. The Committee thereupon addressed on 4th November, the Bombay Telephone Co., Ltd., drawing their attention to the difficulty experienced by the Gujerati reading public owing to the absence of the classified list in the Gujerati Directory. As an extra charge was being recovered from the subscribers concerned for including their names in the classified list, it was but fair that they should be given the advantage of having their names included in both the English and Gujerati editions. The Committee suggested the inclusion of the classified list in the Gujerati edition also.

II.—FINANCE, TARIFF AND TAXATION.

Budget of the Government of India—1939-40.

The Committee addressed on 4th March, 1939 a communication to the Government of India, Finance Department, containing their views on the budget of the Government of India for 1939-40 introduced in the Legislative Assembly on 28th February, 1939. The Committee expressed relief as no extra taxation was levied although there was a deficit of Rs. 265 lakhs for the year ended and an expected deficit of Rs. 50 lakhs for the next year. They however lodged a strong protest against the doubling of the duty on foreign imported cotton to meet the deficit of Rs. 50 lakhs for the next year. They stated that the Indian Textile Industry had started to produce fine cloth, in the manufacture of which foreign long staple cotton was necessary, as India did not produce sufficient long staple cotton to meet the requirements of the Industry nor was it likely to produce such cotton for a long time to come. They stated that Government's plea of promoting the interests of agriculturists by the levy of this duty was untenable and the Indian agriculturist would in no case stand to gain by such a levy. They observed that this duty would act as an indirect preference to Lancashire and Japanese goods. They also drew the attention of Government to the expected lowering of tariffs on Lancashire goods as a result of the Indo-British Trade Agreement and stated that this increase in duty would mean an increase in the cost of production to the Indian Industry, which would also reduce its capacity to compete with foreign textiles, thus reducing the margin of protection enjoyed by the industry. They also stated that the Textile Industry in the Bombay Presidency had been saddled with an extra burden of nearly a crore of rupees as a result of the interim report of the Bombay Textile Labour Enquiry Committee. The Committee referred to the high scale of rates proposed in connection with the slab system for the assessment of income-tax, and suggested that the rates proposed for incomes over Rs. 10,000/- should be considerably

reduced if the incidence of tax on higher incomes was to be made fair and equitable. They protested against the removal of the exemption limit for Company super-tax and also against the proposals in regard to the taxation of Hindu Joint Family which would hit hard this class of assessees. The Committee observed that the revenue from the changes proposed in regard to taxation of income was highly underestimated. With regard to the heavy military expenditure the Committee urged that the British Treasury should be requested to take over the payment of the British troops in India, as the economic condition of the country was not prosperous enough to weather such burdens year after year. They deplored the action of Government in keeping back from the public the recommendations of the Chatfield Committee which had an important bearing on the budgetary position of the Government of India.

Railway Budget for the year 1939-40.

On 16th February 1939 the Committee addressed a communication to the Government of India containing a statement of their views on the Railway Budget for the year 1939-40 presented by the Hon'ble Sir Thomas Stewart in the Central Assembly and by Sir Guthrie Russell in the Council of State. They stated that out of a gross income of Rs. 94.75 crores over 51.67 crores or 54.53 per cent was allocated for operating charges and nearly 29 crores or 30.6% in payment of interest charges. They therefore stated that efforts should be made to reduce the burden of these two charges. They pointed out that although during the last 15 years the income had fluctuated there was no reduction in expenditure. The Committee were of opinion that the loss of Rs. 1.72 crores on strategic lines should be met with from the Military Budget particularly as the Military Budget was removed from the pale of legislative vote. They desired that the loss arising from loans from the Depreciation Fund to meet deficits and the unpaid contributions to the General Revenues should not be capitalised but should be provided by adequate retrenchment. They desired to know how the 10 new posts

additionally created in connection with the expansion of activities in regard to publicity, commercial research etc., were filled, and stated that Indians with suitable qualifications could be found to meet the requirements of such posts. They stated that the Railways were the biggest purchasers and consumers of different articles and therefore it was up to the Railways to help the many indigenous industries in the country by making efforts to find out the industrial potentialities of the country. They pointed out that at the time of the electrification of the local suburban lines in Bombay, it was promised that the service would be faster, trains would be more numerous, and the charges for the suburban season tickets would be reduced. They regretted that those promises had not been carried out and on the top of that the Railway had now come forward with a statement that it was suffering from enormous losses. They also regretted that Government had set its face definitely against the principle of state management of Railways. They drew the attention of Government to the increasing number of terrible accidents occurring on some of the Railways and suggested that Government should themselves institute authoritative and impartial enquiries in respect of such accidents.

Budget of the Government of Bombay for the Year 1939-40

The Committee addressed a communication dated 18th February 1939 to the Government of Bombay containing their views on the Budget Statement for 1939-40 introduced by the Hon'ble the Finance Minister, in the Bombay Legislative Assembly on 14th February 1939. The two main items in the Budget taxation proposals were the Immovable Property Tax at 10 per cent on the rateable value of property in Bombay and suburbs and Ahmedabad, and the Sales Tax on mill-made cotton and silk goods and artificial silk yarn and cloth at 6¼ per cent *ad valorem*. The Committee explained that with all their desire for extending co-operation to Government, they would make such co-operation conditional upon a state of emergency. The Finance Minister characterised the prohibition programme as a war measure against drink the "most ruthless of our enemies", and justified the

proposed taxation to meet the situation. The Committee while agreeing that drink was a ruthless enemy and that it should be suppressed, stated that by speeding up the prohibition programme in this war against drink, the Government had themselves created a state of emergency, a war as they called it, and levied taxation in a Province which in the words of the Finance Minister himself was the most heavily taxed Province in the whole country. Opposing the Property Tax, the Committee stated that the Municipality already taxed property to the extent of 18¼ per cent, and this together with the 10 per cent proposed by Government would make it 28¼ per cent which was undoubtedly a heavy burden on property. They stated that this tax further trenched on the taxation sources available for the Bombay Municipality and other local bodies. They feared that the tax would reduce the margin of income from property and mortgagees would, therefore, either ask for fresh margin or foreclose the mortgages with the result that there would be a state of panic in the property market, which was the real barometer of the prosperity of the city. The Committee pointed out that although the tax was referred to as a war measure, there was every possibility that the tax would become a permanent burden on property leading to a grave situation in credit market. Referring to the proposed Sales Tax on piece-goods, the Committee drew the attention of Government to the recent burden of nearly a crore of rupees thrust upon the textile industry as a result of the interim recommendations of the Textile Labour Enquiry Committee. This Textile industry would also have to weather the burden of the 10 per cent Property Tax. The Committee feared that these taxes were tantamount to throttling the industry in times of keen competition from within the country as well as from abroad. They considered the penalties prescribed for non-observance of the provisions as most unfair and extraordinary. The Committee under the circumstances objected to the levy of the Property Tax and the Sales Tax inasmuch as both the taxes were ruinous to trade, commerce, industry and credit of the Province.

The Committee in a further communication dated 1st March 1939 welcomed the reduction announced by the Finance Minister of the proposed tax on property from 10 to 5 per cent on all properties whose rental income was less than Rs. 2000|-, but, stated that in view of the strong feeling of the public in respect of the taxes the Government should still ease the burden on the public. The Committee suggested that property assessed at an income of less than Rs. 500|- should be exempted altogether from the Property Tax. They also urged that the Property Tax should be reduced from 10 to 5 per cent not only in the case of those landlords whose rental income was below Rs. 2000 but also of all the landlords. To meet the deficit to be made up, they suggested that the prohibition programme should be spread over from two to, say, five years.

Draft Rules under the Bombay Sales Tax Act (Re : Cloth Sales—Licensing Provisions).

With reference to the draft rules under the Bombay Sales Tax Act published in the Bombay Government Gazette dated 11th May the Committee addressed the Government of Bombay on 24th May giving their views thereon as under :

The Committee at the outset stated that the term "licence" had a good deal of opprobrium attached to it in the eyes of the business people and suggested that if some procedure of registration only was adopted, the method might prove more acceptable. The Committee pointed out that the business people were extremely anxious to know what particular shape this taxation was going to take and what was going to be the incidence of such taxation, as evidently the actual rules governing the method of taxation were not yet known. They suggested Government to convene a Conference of the principal interests concerned to devise suitable rules. The Committee also gave detailed views on the said draft rules.

Bombay Sales Tax on Cloth.

The Committee addressed on 14th August the Government of Bombay regarding the Sales Tax on Cloth approved by the Bombay Legislature. They stated that the Sales Tax contemplated the levy of an *ad valorem* tax of 6¼% on the sale of manufactured cloth, the incidence of the tax falling on the consumers. They pointed out that no rules were published in regard to this part of the Act and the public were in the dark as to how this tax was to be levied and on whom exactly the incidence would fall. The Committee stated in this connection, that the piecegoods merchants preferred graduated registration fees to the *ad valorem* sales tax. They referred to certain recommendations of such nature forwarded to Government suggesting also the scale of fees to be charged. They stated that in their opinion graduated registration fees would be preferable to the *ad valorem* sales tax which was still vague in its incidence. The Committee requested Government, under the circumstances, to approve of the suggestion, and stated that they would send their suggestions regarding the exact fees, if Government announced their intention of approving the alternative suggested in place of the *ad valorem* sales tax. They also reiterated that the term "licence" was objected to by the business community and that registration certificates should be issued instead of licences.

Sales Tax—Licence for Manufactured Cloth

At the instance of a member firm, the Committee addressed the Government of Bombay on 22nd September 1939 drawing their attention to the difficulty experienced by the dealers in leather and canvas goods, upholsterers, cabinet makers, traders in holdalls and other articles made out of canvas as a result of their being treated as traders in manufactured cloth and as such being required to take out licences under the provisions of the Sales Tax Act. They pointed out that the application of the Act to such traders admits of a very wide interpretation of Section 3 of the Act which brings within the scope of the Act sale of goods by any trader who

has purchased them from another trader to be a sale under the Act. They observed that the Sales Tax and the system of licensing under the Act were primarily intended to cover sales of manufactured cloth and that the licensing rules should not apply to all the articles in which cloth might have been used in some form or other. It was suggested that the scope of licensing rules should be restricted to actual dealers and traders in manufactured cloth as such.

Depreciation of Chinese Currency.

By a telegram dated 26th July, the Committee drew the attention of the Government of India to the situation created by the collapse of the Chinese dollar which had led to a decline in the price of goods imported from China to India. They stated that this had resulted in a sudden fall in the Indian prices of goods in respect of which competition from Chinese imports existed. They cited the case of yarn, prices in regard to which had declined by about 10 per cent. The Committee urged Government to impose necessary countervailing duties or take other suitable steps to counteract the effect of Chinese depreciated currency on Indian trade and industry.

Renewal of Government Securities.

It was the accepted practice and recognised understanding that when a Government Promissory Note was renewed, the holder of the renewed note had a clean title. A recent decision of the Privy Council, in the case Secretary of State *vs.* The Bank of India, had however gone counter to this understanding and held that the renewer was liable to indemnify Government if there was any previous flaw in regard to the title of the note. This decision had caused considerable apprehension in the minds of the investing public and the Committee were requested to approach the Government of India for necessary amendment in the law with a view to restoring to the holder of a renewed note full title free from any chances of further question regarding validity. The Committee thereupon addressed the Government of India on

22nd February 1939 stating that in view of the judgment of the Privy Council, dealings in Government Securities would be made very difficult both for the brokers and for the investing public. They therefore submitted that Government should bring forward at an early date legislation for amending or modifying the Indian Securities Act of 1920 restoring to a renewed note a clear title.

The Government of India in their letter dated 20th March stated that their opinion as regards the legal position of the renewed Government Promissory Notes was confirmed by the Judicial Committee of the Privy Council and that no useful purpose would be served by any further discussion of it. They maintained that they could not accept a position where they would assume full liability in respect of notes which had been renewed and stated that the party who had endorsed the old note would still continue to be subject to the ordinary liability of a party who had passed on a negotiable instrument with a defective title or no title at all, and that Government retained the right to claim against such a party. To safeguard against the danger of fraudulent endorsements they suggested the use by the public of bearer bonds and stock certificates and added that they would welcome any practical suggestions with regard to alternative forms of security. The Committee in their reply observed that Government had not replied to the various points raised by them in their previous letter. They again drew the attention of Government to the several statements made by them in the *Guide Book for Investors* and in the *Government Securities Manual* which led the public to believe that by renewing a Promissory Note the holder was entitled to be sure of his title to the same and desired to know whether such statements were binding upon them or not. They also requested for detailed information regarding the legal rights of the holders of bearer bonds and stock certificates referred to by Government in their letter under reply.

Government in their reply dated 9th September stated that although the Guide Book for Investors conveyed that by renewal, the party obtained a clear title to the renewed note,

it said nothing about relieving the renewer from his personal liability to Government. With regard to the stock certificates they observed that such certificates were not negotiable instruments and therefore the same should be governed by the ordinary law relating to the tranfer of property. No fraud was possible in respect of these as witnesses were required for the transfer of such certificates.

Indo-British Trade Agreement.

On the 24th March, 1939 the Committee sent a telegram to the Government of India containing their views on the Indo-British Trade Agreement. At the outset the Committee regretted that after having appointed unofficial advisers, Government should have shelved their advice and suggestions and drawn up a new agreement with the British Government. The arrangement on the whole appeared to the Committee to be entirely against the interests of the Indian Textile Industry. They protested against the fundamental assumption that Lancashire had an inherent right to an additional quota in the imports of piecegoods into this country. They pointed out that the offtake of cotton stipulated for the United Kingdom was even less than what had been the normal figure in recent years, while the minimum import of cotton piecegoods was much more than the normal in recent years. Referring to the recent doubling of import duty on cotton, the Committee strongly suggested that countervailing duties should be imposed against the imports of piecegoods and yarn as a set off against this duty on cotton. They suggested that any future State help to the British Cotton Textile Industry should be counteracted by the Government of India. The Committee pointed out that if there had been any obligation on the part of Lancashire to purchase short staple varieties as suggested by the non-official advisers, the Indian agriculturists would have benefited by the arrangement, but as there was no such stipulation in the agreement, the plea of helping the agriculturist could not be justified. With regard to the minimum offtake of Cotton to the extent of 500,000 bales they pointed out that the agreement had not provided anything in the nature of

sanctions to ensure any quantity being definitely taken. Result would be that Lancashire might not even take a single pound of cotton and yet the Government of India would have to await the consent of His Majesty's Government for taking any action against imports of piecegoods. In connection with the reduction of the British preferences from 18 crores to 8 crores the Committee drew attention to the invisible imports in the shape of services and banking and insurance and shipping charges enjoyed by England which enormously increased the balance of trade in favour of England. Besides, the commercial safeguards provided in the Government of India Act operated greatly in favour of Britain. Referring to the statement that against only 8 crores of preferences for Britain, India would enjoy 36 crores of preferences, the Committee pointed out that the figures were misleading and did not take into consideration the invisible advantages enjoyed by Britain. Considered view of the Committee was that the Indian Legislature should advise the Government of India not to accept the present proposals unless modifications in the following directions in accordance with the advice of unofficial advisers were agreed to by His Majesty's Government.

1. Preference enjoyed by the U. K. in Indian Markets should be reduced to about 3 crores.

2. Suggestions regarding preferences to Indian exports in regard to cigars, coffee, rice and wheat and the abolition of the drawback on linseed oil should be accepted.

3. The figures of minimum, medium and maximum for imports of Lancashire piecegoods into India should be fixed at 200 and 300 and 400 million yards respectively.

4. The figures of offtake of Indian Cotton should be raised to six and a half lakhs bales and also should be accompanied by a guarantee for 65 per cent of the same being short staple variety.

Trade Agreement Between United Kingdom and U. S. A.

It was recorded in the report of the Committee for 1938 that the Committee had been in correspondence with the

Government of India regarding the Trade Agreement between the U. K. and U. S. A., wherein they had desired among other things information on the details of the modifications agreed to by Government and the list of Indian commodities affected by the said agreement. The Government in their reply dated 28th December 1938 referred to the text of the Agreement signed on 17th November 1938 for the information required by the Committee. Besides they also referred to the relevant questions and answers in the Legislative Assembly on the subject.

Indo-Japanese Trade Negotiations.

The Government of Bombay invited the views of the Committee on the question of the renewal of the Indo-Japanese Trade Convention and Protocol. The Committee in a confidential communication dated 14th June, addressed to the Government of Bombay, submitted to Government their views and suggestions in detail in this regard.

Unofficial Advisers for the Indo-Japanese Trade Negotiations.

The Federation of Indian Chambers of Commerce and Industry was invited by Government to appoint three unofficial advisers in connection with the forthcoming Indo-Japanese Trade Negotiations. The Federation in turn requested the Member-Bodies to suggest the names for the purpose and the Committee recommended the name of Mr. Manu Subedar, M.L.A., for election as one of the Advisers.

As a result of the election held in this connection, Diwan Bahadur Ratnasabapathy Mudaliar, Mr. D. P. Khaitan and Lala Shri Ram were selected as unofficial advisers.

Tariff Board Reports on Sugar, Paper, and Magnesium Chloride Industries.

The Committee sent a telegram to the Government of India, Commerce Department, on 5th April, protesting against the recommendations of the Tariff Board regarding reduction of the measure of protection to Sugar, Paper and

Magnesium Chloride industries and Government Resolutions thereon published on 30th March. The Committee regretted that the measure of protection in case of the three industries should have been reduced and that the period of protection should have been reduced in case of paper and sugar industries. The Committee protested against the action of Government in disregarding even the recommendations of the Board and reducing the margin of protection by eight annas in case of sugar, which would facilitate imports of foreign sugar thereby handicapping further progress of the local industry. They urged that export quotas for sugar in the neighbouring markets should be obtained, and deprecated the attack made by Government against the observations of the Board in regard to the effect of the excise duty, as such remarks would reflect on the independence of the Board. They objected to the reduction by the Board of the rate of duty on Magnesium Chloride from 21 annas to 15 annas, and considered the action of Government in further reducing the same to 12 annas as most unjustified, as this budding industry was introducing itself in foreign markets, and further development of the industry was a matter of importance to the country. The Committee considered the proposals of Government in case of paper industry as retrograde. They pointed out that in June last year, rates of duties on wood pulp and paper were reduced by about 25 per cent and that Government were now imposing a further reduction in case of paper from 12 pies to 9 pies and also reduction in the period of protection, which would retard the expansion of the industry fully to supply the Indian demand. They also protested strongly against the proposal to remove protection altogether from wood pulp and to levy only an ordinary revenue duty of 25 per cent *ad valorem* on the same. They pointed out that the proceeds from the duty on account of increases in imports consequent upon reduction in these duties should have been taken into account. The Committee regretted that while the country was agitating for a policy of active industrialisation and intensive protection for industries, Government should have thought fit to reduce and whittle down even the existing measure of protection for these industries.

Report of the Tariff Board on the Silk Industry and Indo-Japanese Trade Negotiations.

The Committee sent a telegram on 14th July to the Government of India stating that the protection to the silk industry would have to be considered in view of the impending Indo-Japanese Trade Negotiations and therefore an early publication of the Report of the Tariff Board on it was required to enable necessary provisions being considered as part of the agreement for protecting the Indian Silk Industry from Japanese competition.

Levy of a Countervailing Duty on Imports of Subsidised and Bounty-fed Articles, etc.

At the instance of a member the Committee had enquired of the Government of India whether under Sections 4 and 8 of the Indian Tariff Act, they had, in the past, any occasions to levy countervailing duties on imports of subsidised and bounty-fed articles, to which a reply was received stating the details of the various changes in the rates of duties under the Sections. Government reply also stated that the U. K. Export Credit Guarantee Act, 1937 did not provide for the grant of bounties or grants such as were referred to in Section 8 of the Indian Tariff Act. The Committee in their reply dated 9th October 1939 stated that there were instances, wherein some of the imported articles had been subsidised by the States from which they had been imported and yet no action had been taken under the two sections. For instance, milk powder had been recently allowed to be imported free of duty and Government had taken no action in this regard. The Committee referred to the unfair manipulation of exchange by foreign countries to help their exports and drew the attention of Government to the situation arising out of the depreciation of the Chinese Dollar whereby imports at lower prices of Chinese yarn and fabrics were favoured. They also suggested that some action was necessary to counteract the effects of the proposed American subsidy on exports of cotton. With regard to the Export Credit Guarantee Scheme, the Committee stated that

if the provisions in Sections 4 and 8 of the Tariff Act did not apply to articles getting benefit under the scheme, then Government should arm themselves with necessary powers to protect such articles.

Proposed Export Subsidy for Cotton by the U. S. A. Government.

The Committee sent a telegram to the Government of India on 10th May expressing concern about the proposed export subsidy for cotton by the U. S. A. Government and stated that if such subsidy was granted by the American Government the Government of India should adequately raise the import duty on all cotton of 15/16 inch staple and under and also increase the duty on all cotton and rayon yarn staple fibre, staple fibre yarn and cotton and rayon piecegoods imported into India to safeguard Indian interests. Failing this suggestion the Committee enquired whether Government had in view any other alternative measure to safeguard Indian interests.

Annual Revision of Tariff Values.

The Import Export Sub-Committee of the Chamber met Dr. John Mathai and Mr. J. V. Joshi of the Department of Commercial Intelligence and Statistics on November 22nd and discussed with them the provisional tariff values for the year 1940. Merchants and importers who had sent in suggestions on the provisional rates were also present at the meeting and alterations in the values suggested were gone into fully. The Director-General promised to consider the suggestions made by the Sub-Committee and the representatives of the trades present at the meeting.

Changes in Certain Tariff Valued Heads.

The Director-General of Commercial Intelligence and Statistics forwarded a statement showing certain additions and alterations proposed in the existing tariff valued heads to be considered at the time of the next annual revision of tariff values and desired the views of the Committee thereon.

The Committee in their reply dated 13th September referred to the proposal under item No. 44 (3) to fix a tariff value for poster papers and stated that in the absence of fluctuations in prices of the said item, there was no need for fixing a tariff value for the same and that the existing *ad valorem* basis of assessment should be continued.

Inclusion of Hardened Coconut Oil in the Tariff-Valued Head for Vegetable Products.

The Committee addressed on 12th August the Director-General of Commercial Intelligence and Statistics, pointing out that as hardened coconut oil was excluded from the tariff valued head "Vegetable Products", the tariff value for vegetable products would not be applicable to it for purposes of assessment to duty. They stated that accordingly hardened coconut oil would be imported in India at a rate of duty chargeable on coconut oil. They explained that the tariff value of vegetable products was fixed at Rs. 56 per cwt., while that of coconut oil was fixed at Rs. 11|8 per cwt. They stated that coconut oil could be hydrogenated and that in that condition it did not differ materially from vegetable products. They suggested, under the circumstances, that hardened coconut oil should be classified along with vegetable products.

The Director-General in his reply dated 30th September 1939 stated that it was not possible to have a combined tariff value for both vegetable product and hardened coconut oil owing to the wide disparity in their prices and the negligible imports of the latter. The Committee in their reply dated 28th October suggested that the disparity in prices could be overcome by having a separate tariff valued head for hardened coconut oil and prescribing a tariff value for the same.

In his reply dated 8th November, the Director-General stated that the imports of such hardened oil into British India would be watched and tariff value for the same would be considered if and when its imports became regular and appreciable in quantity.

Facilities for the Public in the Custom House.

On receiving representation from a member of the Committee, the Committee addressed the Collector of Customs on 1st September drawing his attention to the inconvenience caused by the lack of certain essential facilities to the public going to the Custom House on business. The hall in the ground floor of the Custom House was usually crowded during business hours, and there were no arrangements for sitting and clerks and agents and merchants had naturally to squat on the floor throughout the hall while waiting there on business. They suggested that one more telephone connection should be provided for, as the one already there was not adequate for the needs of the public using the same, and that necessary facilities should be provided to the merchants and agents who had to go to the Custom House for discharge of their routine work.

Interview with Mr. J. F. Sheehy, Member, Central Board of Revenue.

The Income-tax Sub-Committee of the Chamber had an interview with Mr. J. F. Sheehy, Member, Central Board of Revenue, on the 12th July when the following Income-tax questions were discussed :

(1) Rates of Depreciation under the written down value basis.

(2) Stamp duty on letters of authorisation under Section 61 of the Act.

(3) Appointment of Special Commissioners under Section 5 (2) of the Act.

(4) Examinations recognised as qualifications for Income-tax practitioners under Section 61 (2) of the Act.

(5) Furnishing full particulars and details of assessment along with demand notice.

(6) Section 34 of the Act—Information about income escaping assessment.

(7) Notices under Section 22 (2) of the Act.

(8) Section 2 (14) and 26-A—Application for registration of Firms or renewal thereof.

(9) Assessment of Chambers of Commerce to Tax.

(10) Grievances of Assessees.

(11) Delay in Income-tax Refunds, Supply of Income-tax forms, etc.

(12) Embezzlement by an employee.

Loss by Embezzlement or Theft—Allowance under Section 10 (2) (XII) Income-Tax Act, 1922.

The Central Board of Revenue in their circular No. 25 dated 17th August 1939, forwarded to the Committee, stated that the wording of the above Section had been changed to correspond to the wording of the U. K. Income-tax Act, 1918 and accordingly sums embezzled by an employee were an admissible charge against the business of his employer.

All-India Conference regarding Rates for Depreciation under the Income-tax Act.

The Federation of Indian Chambers of Commerce and Industry addressed the Committee on 14th September forwarding a copy of the draft resolution to be considered at the All-India Conference regarding rates of depreciation under the Income-tax Act, at Calcutta on 6th October 1939, and desiring the views of the Committee thereon. They referred to the proposals put forward by the Central Board of Revenue in the above connection and stated that it was necessary to inform Government about the opinion of those who had knowledge of the question and hence the need of such a conference to formulate counter proposals on the subject. The Committee in their reply dated 21st September stated their general conclusions in connection with the proposals of Government regarding the basis of allowance for depreciation under the written-down value system as under :

1. The comparison with the U. K. rates is not justified inasmuch as circumstances and conditions in the two countries vary and in view of the fact that the U. K. for want of speedier writing down and speedy renovation lost ground to Japan in Britain's own markets.

2. Even the rates proposed are below the U. K. rates as under the English Finance Act, 1938, an increase of 20% on the scheduled rates is now allowed in that country.

3. The manner and method of determining depreciation in the U. K. also allows for variation in rates, such rates being determined by agreement between the Inland Board of Revenue and Associations representing users of particular assets.

4. The claim of Government that the rates under the existing schedule are excessive is unjustified ; on the contrary industrialists have in the past even pressed for increased rates in respect of certain items.

5. The useful economic life of machinery and other assets estimated and assumed under the existing schedule of rates is fair and the same period of life should be assumed for purposes of depreciation under the written-down value system also.

6. The rates of depreciation should be so fixed as to cover the assets in the same number of years as above. This may be done by (*a*) either increasing the rate *pro rata* so as to cover not less than 92% of the assets in the same number of years as under the existing schedule or (*b*) by graduated scale of rates, increasing year after year, in such a manner as to cover the assets in the same number of years.

7. Depreciation on shipping assets should be allowed on prime cost basis on the lines of the practice in the U. K. and the Income-tax Act be amended to permit of this.

Depreciation Rates for Income-tax Purpose.

The Central Board of Revenue by their letter dated 14th August proposed revised rates of depreciation allowance

under the written-down value basis for Income-tax purposes and desired the views of the Committee thereon. The Committee by their reply dated 26th October submitted their views on the same, a brief summary of which is as under :—

The Committee referred to the recommendations of the Experts Committee to the effect that higher percentages for depreciation allowance would be necessary under the written-down value basis to give corresponding results within the normal span of life of different types of machinery and requested Government to bear this in mind. They regretted that the proposed rates were either lower in some cases or were about equal to the old rates in other cases whereas they should have been distinctly higher enough to write off not less than 92% of the value of the machinery within the life estimated for it. The general opinion however of the industrialists and commercial bodies was that the new system would retard industrial efficiency by prolonging the process of writing down of plant and machinery. The Select Committee and the Assembly ultimately accepted this proposal only on the basis of certain agreed modifications which understanding seems not to have been realised. A comparison sought with the Government of U. K. was not justified inasmuch as the circumstances and conditions in the two countries were different. English rates provided an allowance of 20% on the scheduled rates where necessary. It was surprising that this allowance should have been ignored in the present proposals. The Committee suggested a system of graduated rates increasing year after year which should have met the demands of the public. The question of increased depreciation for machinery working double, overtime or treble shift should have been rightly considered. They were of opinion that in case of the shipping industry, prime cost basis should be allowed as prevailing in U. K. The Committee stated that they were in agreement with the resolutions passed on the subject at the All-India Conference held at Calcutta and supported their representation and the schedule of rates agreed at that Conference.

Stamp Duty on Letters of Authorisation.

The Committee in their communication dated 28th August 1939 addressed to the Central Board of Revenue referred to the interview they had with Mr. J. F. Sheehy, Member, Central Board of Revenue, when he promised to consider the addition of a clause to Section 61 of the Income-tax Act whereby letters of authorisation under the section should not require a stamp. They also referred to the Central Board of Revenue circular No. 12 dated 7th June 1939 whereby such letters of authorisation in favour of lawyers were to be treated as a Vakalatnama and chargeable as such with court fees under the Court Fees Act, 1870. The Committee requested that pending amendment to Section 61 of the Act, letters of authorisation in favour of lawyers might be exempted from stamp duty by a notification issued under Section 35 of the Court Fees Act under which Government had power to reduce or remit any of the fees under that Act.

The Central Board of Revenue in their reply dated 5th October stated that as Court fees had been levied by the Provincial Governments even before the Government of India Act 1935, the Central Government could not use the power conferred by Section 35 of the Court Fees Act until necessary legislation was passed. The Committee therefore addressed the Government of Bombay on 23rd October enclosing the above reply of the Central Government and requesting that letters of authorisation under Section 61 of the Income-tax Act might be exempted from stamp duty by a Government notification. A reply was received from the Government of Bombay to the effect that the request for exemption could not be agreed to.

Income-tax Notification regarding Qualifications of People Entitled to Represent Assessees.

The attention of the Committee was drawn to the Income-tax Notification No. 3 dated 4th March, 1939, wherein it was announced that the Central Board of Revenue had

recognised among other examinations, the examinations conducted by the London Chamber of Commerce in advanced Book-keeping or Accountancy as qualification for the purpose of being an income-tax practitioner. The Committee thereupon addressed the Central Board of Revenue on 16th March, 1939, protesting against the exclusion from recognition of the corresponding examinations conducted by the Indian Merchants' Chamber. The Committee referred to their previous correspondence recommending recognition of the holders of diplomas in Accountancy from the Indian Merchants' Chamber and the London Chamber of Commerce for the purpose of practising as Income-tax experts, and regretted that Government should have shown this invidious distinction and should have chosen to recognise only examinations of the London Chamber of Commerce, which after all was a foreign institution. The Committee stated that the standard aimed at by the examinations of this Chamber was sufficiently high to warrant recognition for the purpose of the rules in question and urged the Board to recognise the Accountancy Diploma examinations of this Chamber for the purpose of prescribing qualifications for Income-tax practitioners.

The reply from the Central Board stated that only examinations of professional bodies, which required theoretical study combined with practical experience, were to be recognised and that examinations of Chambers of Commerce, London or Indian, could not be deemed adequate for the purpose.

Particulars in Assessment and Refund Orders.

In response to a request made by a member of the Committee, the Committee addressed the Commissioner of Income-tax on 16th March drawing his attention to the present practice of sending the assessment forms with the notice of demand for payment of tax without full particulars of the details of the assessment showing as to how the assessable income had been arrived at. They stated that in the said form particulars of items disallowed were also not given, and

that the assessee had to make an application fixing 2 annas in stamps for getting a copy of the assessment order with a view to knowing all details. The Committee urged that for the convenience of the assessees the notice under Section 29, should, as a matter of course, be accompanied by a copy of the assessment order giving all the details and suggested that refund orders should also contain full particulars as to how the amount of refund had been arrived at.

The Commissioner of Income-tax in his reply dated 15th May stated that supplying of such particulars would mean extra work to his office and as in majority of cases such details were not required by the assessees, such additional work would not result in any corresponding advantage. Regarding the refund orders, he stated the details would always be given in the new Form I.T. 112 which had recently been standardised in the Income-tax series.

Income-tax Notification No. 9|39, regarding Draft Rules in regard to Registration of Partnerships.

According to the present arrangement, any one of the partners can make an application for the registration of partnership deeds, while in the above notification the draft amendments to the Income-tax Rules were proposed whereby the application in question was required to be signed by all the partners. The Committee in their communication dated 5th April addressed to the Central Board of Revenue, suggested that the rules should be so changed as to permit of registration being made on the application of any one of the partners. It was also provided in the above notification that the Income-tax Officer would have to be satisfied that the firm was in existence and constituted as shown in the instrument of the partnership deed and that the application was properly made before the said officer registered the partnership. The Committee suggested in this connection that the application should be deemed as a formality and accepted *ipso facto* and opposed the discrimination vested in the Officer.

Draft Form of Return under the Amended Income-tax Act.

On 16th March, 1939, the Committee addressed the Central Board of Revenue giving their suggestions in regard to the Form of Return of income under Section 22 (1) and (2) of the Income-tax Act. The Committee generally approved of the form as drafted. They however suggested the following minor changes :

(1) Balance sheet may be submitted by only Joint Stock Companies.

(2) The heading "Original Cost" may be supplemented by the addition "or written down value".

(3) Forms should be prepared in all the principal vernaculars.

(4) Assessees should be assisted by the Income-tax Office in getting the forms filled up properly.

Draft Notice regarding Submission of Returns by Assessees for Payment of Income-tax.

The Committee addressed the Central Board of Revenue on 16th March, giving their suggestions in connection with the requirements in regard to the publication of the Notice under Section 22 of the Income-tax Act contained in Government Notification of 25th February, 1939. They suggested that the notice should also be published in the principal vernacular papers of the various Provinces. They suggested that the Notice under rule 18 should be posted in all the offices and courts in the principal vernaculars to attract the widest possible attention of the public.

Functions of the Special Income-tax Commissioners.

With reference to the appointment of the Special Income-tax Commissioners under Section 5 (2) of the Indian Income-tax Act, the Committee on 17th April, addressed the Central Board of Revenue desiring to know the nature and scope of the special work that these Special Commissioners would be assigned. They also requested for a copy of the departmental instructions regarding the allocation of work that might

have been issued to these Commissioners. The Committee drew the attention of the Board to the assurances given during the debate in the Legislative Assembly on the said clause of the Income-tax Bill to the effect that such Commissioners would not interfere with territorial jurisdiction of the existing Commissioners ; that they would be assigned special classes of cases where Government might have been defrauded, etc. The Committee urged the Board to strictly adhere to the assurance given in the Assembly in regard to allocation of work to these Commissioners.

Import Duty on Coconuts and Copra.

The Travancore Chamber of Commerce, Alleppey, drew the attention of the Committee to the resolution tabled for discussion in the Central Legislative Assembly recommending imposition of adequate duties on the imports of coconuts and copra with a view to protect the agriculturists of Malabar, Cochin and Travancore, and desired the views of the Committee thereon. The Committee in their reply dated 5th April, pointed out that any increase in the duties on coconuts and copra would be a handicap to the oil-mill industry and allied industries like soap manufacture, etc., without in any way benefiting the growers of coconuts on the West Coast, as the Indian production was not sufficient to cover the requirements of the country in regard to copra and coconut. They however suggested that the Travancore Chamber should move the Travancore Government for abolishing the export duty levied by them on the export of coconuts and copra, with a view to secure margin for growers.

Proposed Enhancement of the Rate of Cess on Tea Exported from India.

In reply to a letter dated 16th January from the Government of India, the Committee by their letter dated 3rd February 1939 informed the Government of India that they had no objection to the proposal of raising the rate of tea cess from Rs. 1|4 to Rs. 1|6 per 100 lbs. on tea exported from India.

Excise Duty on Spirituous Medicinal Preparations—Uniformity in Excise Regulations.

The Committee addressed the Government of Bombay on 23-2-39 drawing their attention to the lack of uniformity in the Excise rules and regulations as between the various Provincial Governments and the difference in the rates of the Excise duties, which proved a great set-back to the growth of indigenous pharmaceutical industry. The Committee referred to the Excise conference held in November, 1937 and desired to know whether Government had taken any action on the resolutions passed at the said conference with a view to facilitate the trade in spirituous medicinal preparations. They also referred to the definite recommendation of the Conference to the effect that the rate of duty of medicinal preparations should be uniformly fixed at Rs. 17-8 per L. P. Gallon, for all Provinces, and requested Government to lower their present rate of duty which was Rs. 25-10 per L. P. Gallon.

Terminal Tax on Tobacco.

On receiving a representation from the Golden Tobacco Co., Vile Parle, regarding the difficulties the company had to experience on account of the levy of a terminal tax of Re. 1|- per Bengal Maund on tobacco conveyed into Municipal limits by the Bandra Municipality, the Committee addressed the Bandra Municipality on 11th January 1939 pointing out that the said factory had moved into Santa Cruz from Vile Parle in 1934 following which year in 1935 the Santa Cruz Notified Area Committee was amalgamated with the Bandra Municipality as a result of which the terminal tax came to be levied within Santa Cruz limits and incidentally on tobacco consumed by the factory for the manufacture of cigarettes. The Committee pointed out that had the company anticipated the possibility of their having to bear such a tax, they would not have ventured to move their factory from Vile Parle to Santa Cruz. The Committee drew the attention of the Municipality to the levy of a Sales Tax on tobacco under the provisions of the Bombay District

Tobacco Act 1933 as amended by Act VI of 1938 at a rate of 12½ per cent of the value and stated that Bandra was declared to be within the area in which the tax was to be levied. The Committee stated that the company, the only unit affected by this double levy, was the only concern in the area in which the Government Sales Tax was to operate. In view of the foreign competition as well as competition from foreign manufacturers who have put up factories within the country which the industry had to contend with, the Committee stated that the position of the company was becoming difficult with the added burden of the terminal tax and the sales tax levied by the Municipality and the Government respectively.

The Committee urged the Municipality to abolish the terminal tax especially on tobacco used for the purpose of manufacturing cigarettes and thus encourage the cigarette industry within its limits as otherwise the company would have to leave Bandra limits to save themselves from undue taxation.

III.—TRADE, INDUSTRIAL AND LABOUR LEGISLATION.

Insurance Legislation in Indian States and Burma.

The attention of the Committee was drawn to the difficulties experienced by the Insurance Companies established in British India in the matter of their business in Indian States after the passing of the Indian Insurance Act as a result of the various Indian States such as Travancore, Mysore and Kashmir and Jammu introducing similar legislation in their territories. According to such State legislation, the Indian companies established in British India were required to place deposits of prescribed amounts in State securities with the Indian States as well as undergo other obligations for their business in such States. Thereupon the Committee addressed the Government of India pointing out that under the British Indian law, the interests of the insuring public in the States were safeguarded by the provision which required the Indian companies to cover their Indian States business in their deposits placed with the Government of India under the new legislation. They urged that Government should negotiate with the States to bring about reciprocal arrangements in such matters before the Federal part of the Government of India Act which provided for such arrangements, came into operation. With regard to such existing difficulty in Burma, it was stated that according to the Indo-Burma Trade Regulation Order the Indian companies should not have been placed at a disadvantage inspite of the political separation of the two countries in matters of trade and commerce. The two countries had agreed to maintain the *status quo* in such matters as per the said order. Government were urged in this case to amend suitably the Indian Act to facilitate reciprocal arrangements between British India and Burma.

Insurance Act Rules, 1939.

With reference to Government Notification dated 19th November 1938 publishing draft rules under the Indian

Insurance Act, the Committee addressed on 5th January 1939 the Government of India submitting their views on the said rules :

Rule 4.—This rule seeks to define what constitutes a contract of insurance whereby certain types of business transacted in the country are sought to be removed from the pale of the respective provisions of the Act. The Committee contended that it was beyond the competence of the Government of India acting under its rule making powers to define a contract of insurance.

Rule 5 (6).—With regard to the sterling securities required to be deposited with the Reserve Bank of India by insurance companies, the Committee recommended that for valuation purposes the statutory rate of exchange should be prescribed.

Rlue 14 (1) (b).—The rule provides that a person holding a life insurance policy of not less than Rs. 1,000 including bonuses is qualified for election as a director representing policy-holders. The Committee in this connection recommended that holding of a policy or policies of a sum not less than Rs. 5,000 excluding bonuses should be prescribed for the purpose.

Rule 15 (1).—They suggested that the election of directors should be by persons holding, otherwise than by way of assignment or nomination, policy or policies of life insurance of not less than Rs. 1,000 such policies being in force for not less than one year.

Rule 15 (2).—The Committee suggested that a statement summarising the rules and provisions regulating the election of policy-holders directors should be supplied at the time of issuing a policy to the policy-holder.

They also suggested that a company should be deemed to have given sufficient notice of the meeting if it published only once the notice, one in English and the other in one of the principal vernacular newspapers of the capital town of the province in which the company is situate.

They also made suggestions for notices in other provinces. In cases where there might be only a few policy-holders they

suggested the option of sending individual notices to such policy-holders.

Rule 15 (3).—The Committee suggested that voting by proxy should be allowed, provided the proxy was a policy-holder who was otherwise a voter under the rules.

Bill to Regulate Imports, Manufacture and Sale of Drugs.

The Committee in a communication dated 22nd August, addressed to the Government of India, supported the memorandum containing the draft of a Bill to regulate the imports, manufacture and sale of drugs submitted to the Government of India by the Indian Chemical Manufacturers Association. They referred to the report of the Drugs Enquiry Committee 1939, which stressed the need of such legislation, as well as the Chamber's previous support to the demand of such legislation. Such control would remove the evils of adulteration and imitation from the trade in drugs in the interest of the Pharmaceutical industry in India. They hoped that the Central Government would pass comprehensive legislation as suggested in the draft bill submitted to them.

Bill to Consolidate and Amend the Law relating to Arbitration.

In response to the request dated 22nd August from the Government of Bombay the Committee submitted on 11th October their views on the Arbitration Bill, a brief summary of which is as under :—

The Committee were in general agreement with the principle underlying the Bill and welcomed the proposal of the Government of India to standardise the law relating to arbitration throughout India. They referred to a general complaint that in commercial matters an agreement to refer disputes to arbitration was obtained by one of the contracting parties, without the specific consent of the other, in respect of indent contracts and confirmation orders. In such cases the party of the second part in most instances did not formally accept such a condition and this often led to the allegation that the consent to arbitration was never accepted. The

Committee suggested that on such occasions the arbitration clause should be expressly accepted by both the parties and that a provision to this effect should be incorporated in the Bill. It was suggested that arbitration awards should be final only if they were unanimous as otherwise there was a likelihood of injustice to the parties in an arbitration who happened to be in minority. In cases where arbitrators were not able to come to a decision within three months, the Committee suggested that they should be empowered by agreement amongst themselves to extend the time by not more than three months and that power of further extension should be vested in the Court.

Bombay Agriculturists Debt Relief Bill.

The Committee in their communication dated 5th July, addressed to the Government of Bombay, submitted their views on the Bombay Agriculturists Debt Relief Bill. They stated that the object of the Bill was laudable but the manner of relief proposed to be given would harm the shroffs and village bankers. Regarding the proposal to finance the future requirements of the Agriculturists through co-operative agencies by compelling agriculturists who have taken advantage of the Debt Relief Bill to join a co-operative resource society, they stated that such a proposal would necessitate an enormous expansion of co-operative credit movement to tackle the vast agricultural indebtedness of the Province. In the opinion of the Committee, the resources of the co-operative societies were after all limited, unless Government provided the necessary finance, and the village shroff would not be able to help the agriculturist in view of the provisions of the Debt Relief Bill and therefore the position of the agriculturist borrower would get worse than before. They objected to the proposal under which both the creditor and the debtor were compelled to approach the Debt Adjustment Board, even if they were unwilling. They asked for the deletion of Clause 29 under which the debt would be deemed to have been discharged if the creditor failed to apply within one year. The Committee drew the attention of Government to the unsatisfactory nature of the proposals regarding the

limits of debts cognisable under the Bill, method of taking account in the process for adjustment of debts, limit of interest on the balance of principal debt outstanding, power to the Board to declare sale transactions under certain circumstances to be mere mortgages, prohibition of alienation of standing crops by any debtor indebted to a resource society without the previous permission of the society, etc.

The Bombay Weights and Measures Rules

The attention of the Committee was drawn to the proposed additional rule No. 127B to the Bombay Weights and Measures Rules, whereby the expenses incurred by an Inspector in regard to travelling etc. in connection with the verification of weighing instruments and appliances were chargeable to the owners of such weighing instruments etc. The Committee thereupon addressed the Government of Bombay on 11th August stating that the said proposed rule would prove burdensome particularly in case of owners of factories in mofussil. They suggested that the Inspector should inform all the owners of factories of his itinerary and that no expenses should be charged for visiting a factory or a commercial office included in his itinerary. They also suggested that Inspectors while out for inspection of heavy installations like weigh-bridges etc. at factory ends, should also inspect, verify and certify all other weighing or measuring instruments at such ends without extra fee. The Committee requested Government to drop the above proposal.

Speculation in Cotton—Suggestion to Control.

The representatives of the Chamber, Mr. Chunilal B. Mehta, Vice-President, Mr. M. C. Ghia, M.L.A., and Mr. Chimanlal B. Parikh met the Hon'ble the Finance Minister, Government of Bombay, on 14th September in response to an invitation from the latter to discuss the question of controlling excessive speculation in cotton during the period of the war. The Finance Minister placed certain suggestions before the Chamber's representatives which were placed before the Committee for consideration. The Committee formulated their views on the subject which are as under :

1. That in view of the war emergency the need for some emergency legislation to regulate trade in cotton might arise and, therefore, such a legislation would be justified. Such legislation should, however, be confined to the period of the war and not more than six months thereafter; that agreement to such legislation would also mean an agreement to concede the right to Government to impose any bye-laws or rules on the East India Cotton Association which Government might consider necessary to enforce the regulations intended by them during the period of the emergency.

2. That the monthly options should be discontinued, while a system of annual option should be allowed to continue.

3. That a system of weekly clearing should be introduced, and

4. That steps should be taken to have unitary control in the trade.

Subsequently Government by ordinance banned all option dealing in cotton. After the expiry of the said Ordinance the representatives of the Chamber were again consulted by Government. The Committee in their communication dated 6th December to Government reiterated their previous views and stated that annual options should be allowed to continue and should not be made null and void.

Unitary Control of the Stocks, Shares and Securities Market.

The Committee addressed the Government of Bombay on 29th September drawing their attention to their Ordinance regarding control of excessive speculation in cotton and suggesting that similar control should also be exercised in respect of excessive trading in the share and securities market. With a view to avoiding the adverse effects of wide fluctuations in prices of stocks and shares and securities, and ruinous speculation resulting from same on account of war, they suggested that Government should take powers to amalgamate the two Stock Exchanges by compulsory arbitration if no agreement was arrived at between themselves.

Amendments to the By-laws of the East India Cotton Association, Ltd.

The Committee addressed the Government of Bombay on 16-2-39 stating that they approved of the amendments of the By-laws of the East India Cotton Association Ltd., published along with Government notification in the Finance Department, dated 16-1-39.

Amendments to the Rules of the Ahmedabad Share and Stock Brokers' Association.

The Government of Bombay by their letter dated 3rd October invited the opinion of the Committee on the proposed amendments to the Rules of the Ahmedabad Share and Stock Brokers' Association. The Committee in their reply dated 28th October sent their views as under :—

Rule 7 (a).—The restriction excluding any person engaged in any business other than that of a stock broker from membership of the Association should be removed.

Rule 7 (c).—The draft amendment proposed that membership in any other stock exchange in India be prohibited for being eligible for membership of the Association. The Committee suggested deletion of this clause.

Rule 25.—Power given to the Board to expel members elected after 1st December 1937, if they were members of other trades, etc., was unacceptable to the Committee.

Rule 222.—Power vested in the Board to vary the holidays should be retained.

Marking Country of Origin on Cigarettes Manufactured in India.

As recorded in the Report of the Committee for 1938, the Committee had addressed the Government of India regarding the above, urging, that in cases where deception was possible owing to the absence of the counter indication of the country of origin, marking of names of companies or manufacturers should always be accompanied by such indication of the country of origin. Government in their reply

dated 3-2-39 stated that the matter would be considered along with the revision of the Merchandise Marks Law and introduction of registration of Trade Marks in India.

Bill to Provide Regulation of Lifts.

The Committee addressed the Government of Bombay on 21-2-39 in connection with the Bill to provide for the regulation of the construction, maintenance and working, etc., of lifts, stating that they were in general agreement with the principle underlying the Bill. They however observed that the same should not apply to lifts in premises covered by the Indian Factories Act. They further advised that the licence fee to be prescribed under the rules should not in any case exceed Rs. 10|- per year, and that inspection of the lifts should be permissible only during day time and not at "any time" as provided under Clause 7 of the Bill.

'Jangad' Business in the Diamond Trade.

It was recorded in the report of the Committee for the year 1938 that the desirability of certain amendments to the Indian Sale of Goods Act with a view to protecting the interests of the diamond and jewellery trade in the matter of certain doubts arising out of the trade usage in regard to 'Jangad' had been stressed both before the Government of India and the Government of Bombay. Both Governments had at that time informed the Committee that they did not see the need for undertaking any amending legislation.

As the Committee received further representations from the Diamond Trade pointing out the continuance of uncertainty in the trade they addressed a communication to the Government of Bombay on 3rd July 1939 reiterating the case for an amendment of the Sale of Goods Act so as to give legal sanction and protection to the existing trade practice in regard to 'Jangad'.

Questionnaire Issued by the Textile Labour Enquiry Committee.

In response to the questionnaire issued by the Textile Labour Enquiry Committee dated 29th November 1938, the

Committee of the Chamber submitted on 30th January 1939 a memorandum of their views on the question of the adequacy of wages and kindred matters in the textile industry. In particular, they drew the attention of the Enquiry Committee to certain general considerations which had a direct bearing on the question under reference. It was pointed out that the question of standards of living or standards of wages should be considered in relation to the general standards obtaining in the country ; that such standards should again be determined with reference to the capacity of the industry to pay ; that in fixing standards the effect of competition, both internal and external, should be taken into proper consideration ; that the helplessness of the Provincial Government in affording relief to the industry in the matter of policy such as tariffs, currency and exchange, which were entirely in the hands of the Central Government should not be forgotten ; and that in any survey of the condition of the industry conclusions must not be based on conditions of a temporary character obtaining in a particular period.

In their detailed replies to the questionnaire, the Committee expressed themselves in favour of the establishment of minimum wage under certain conditions and providing certain amenities to labour.

Textile Labour Enquiry Committee.

The Committee appointed Mr. M. C. Ghia and Mr. A. D. Shroff as their representatives for the purpose of tendering oral evidence before the Textile Labour Enquiry Committee.

Panel of Employers for Appointment on Boards of Conciliation under the Industrial Disputes Act.

The Committee suggested the names of the following gentlemen for appointment on Boards of Conciliation under the Industrial Disputes Act in response to a communication from the Commissioner of Labour, Bombay :—

Mr. J. C. SETALVAD (*President*)

„ CHUNILAL B. MEHTA (*Vice-President*)

Mr. MANU SUBEDAR, M.L.A. (Central).
„ M. C. GHIA, M.L.A.
„ M. A. MASTER.

C. P. Minimum Wage, C. P. Wage Fixing Machinery and C. P. Unemployment Relief Bills.

The Director of Industries, Central Provinces and Berar by his letter dated 16-12-38 invited the opinion of the Committee on the provisions of the above Bills. The Committee in their reply dated 23-2-39 stated, that, while they did not wish to enter into a detailed examination of the Bills, they desired to convey their opinion, that piecemeal labour legislation by different Provinces was likely to react adversely on the development of industries, and that such legislation when found necessary should be on a co-ordinated All-India basis.

Proposal to Establish an Institute of Industrial Fatigue and Psychology in India.

The Federation of Indian Chambers of Commerce and Industry by their letter dated 27th July forwarded a copy of the letter received by them from Bihar Labour Enquiry Committee regarding the establishment of an Institute of Industrial Fatigue and Psychology in India and invited the views of the Committee thereon. It was explained that the object of the institute would be to carry on research on aspects like hours of work and rest, reduction of fatigue, etc. The Committee in their reply dated 25th August stated that the proposal to establish such an institute was neither advisable nor practicable.

Rates of Compensation Payable to Seamen for Short and Bad Provisions.

The Shipping Master, Bombay, by his letter dated 20th March 1939 invited the views of the Committee on the question of making amendments in Section 86 (1) of the Indian Merchant Shipping Act, 1923 with a view to raising the amounts of compensation to be paid to Indian seamen for short and bad provisions which was under consideration by

the Government of India. The Committee in their reply dated 10th May observed that the scale of provisions to which the Indian seamen were entitled should be considered and revised in a manner which would recognise the proper standard of living in modern times. They stated that they were agreeable to the proposal of Government for removing the existing element of discrimination in these rates between the European and the Indian seamen, and added that there was no necessity to raise them to the level of the rates fixed under the British Merchant Shipping Act.

IV.—GENERAL TRADE AND INDUSTRY

Interview with the Hon'ble Sir A. Ramaswami Mudaliar, C.I.E., Member for Commerce and Labour, Government of India.

The Committee of the Chamber had an interview with the Hon'ble Sir A. Ramaswami Mudaliar, C.I.E., Member for Commerce and Labour, Government of India, on 2nd November 1939, when the following subjects were discussed :

1. Trade Agreements—ratification by the Legislature.
2. Indo-Japanese Trade Negotiations.
3. Diamond Trade—*Jangad* transactions.
4. Establishment of non-Indian concerns in India.
5. Goods on enemy ships lying in neutral ports.
6. Economic Resources Board.
7. Shipping.
8. Insurance—Unequal competition by Lloyds Underwriters.
9. Insurance legislation in Indian States and Burma.

Selling Agencies of the Indian Sugar Syndicate.

On being represented by the Sugar Merchants' Association, Bombay, that the Indian Sugar Syndicate were considering to appoint some foreign merchants or firms as their selling agents, the Committee addressed on 11th January 1939 the Sugar Syndicate, Calcutta, desiring to know whether such a step was under contemplation and stated that if the information was true, they would like to record their protest against any such step designed to transfer the selling rights of a national industry to non-Indian agency. The Sugar Syndicate in their reply dated 16th January stated that the information given to the Committee was incorrect and that it was not the intention of the Syndicate to appoint any foreign merchants or firms as their selling agents to the exclusion of Indian agencies.

Proposed All India Sugar Conference.

At the instance of a member of the Committee, the Committee addressed the Government of India on 4th September in connection with the recommendation of the Imperial Council of Agricultural Research for calling an All India Sugar Conference for consideration of measures necessary for stabilisation of the sugar industry and the establishment of a Central Sugar Committee. They referred to the Committee appointed in this connection to draft resolutions to be placed before the All India Conference, and pointed out that the sugar manufacturers of the Bombay Presidency and Deccan were not given any representation on the said Committee which was entirely composed of the representatives of the sugar factories in North India. They drew the attention of Government to the fact that while factories in the North bought their requirements of sugarcane from farmers, the factories in the Bombay Presidency and Deccan grew their own requirements, which constituted a difference in the position of the former and latter, and necessitated the consideration of questions peculiar to the latter. Under the circumstances, Government were requested to arrange for representation of the Bombay Presidency and Deccan sugar manufacturers, also on the said Committee. Government in their reply dated 15th September stated that the Sub-Committee under reference was only appointed to draft concrete resolutions on the basis of suggestions received from different interests and that the final recommendations to the Government of India were to be made by the Conference which would be fully representative of the Provinces and interests concerned. The Committee in their reply dated 27th September stated that the presence of a representative of the Bombay Presidency and Deccan sugar interests was necessary on the said Sub-Committee, as otherwise the requirements of the industry in the Presidency might not be included in the resolutions drafted for being placed before the Conference. It was also pointed out that it might not be possible for any one at the plenary session to move any resolution which might not be on the Agenda. They therefore reiterated that

representation of the Bombay Presidency and Deccan sugar interests on the Sub-Committee was necessary.

Constitution of the Indian Central Sugar Committee.

The Committee, on 2nd December 1939, addressed the Government of India in connection with the draft constitution of the Indian Central Sugar Committee and pointed out that allocation of one seat on the said Committee to be filled up by nomination by the Chairman of the Imperial Council of Agricultural Research, to the Sugar factories in Bombay Presidency was inadequate in view of the fact that the industry had sufficiently developed in the province. It was suggested that the representation given to the industry in the province should be increased to at least two seats and that these seats should be filled up by representatives directly chosen by the Association representing the industry. It was also suggested that one seat on the Committee should be allotted to the Department of Agriculture of the Province in common with other provinces who had been allotted such representation.

Canteen Contractors and Indian Cigarettes.

On representation received from a member firm, the Committee addressed the Director of Contracts, Defence Department, Delhi, on 9-2-39, on the question of encouraging the purchase of Indian-made Cigarettes for the requirements of the Defence Services and by the Canteen Contractors. In this connection they drew the attention of the Director to the favourable remarks in the Report of the Contracts Directorate, 1936-37, urging the importance of the development of indigenous supply in respect of the requirements of the Defence Services. The Committee pointed out, however, that Indian-made Cigarettes had not received due patronage from the contractors. In this connection they drew the attention of the Director to the repeated requests of the Golden Tobacco Co., Vile Parle, Bombay, to the Canteen Contractors Syndicate Ltd., Karachi and Bombay, to include their name and products on the approved list, but that their requests were not

heeded to. The Committee urged that enquiries should be made in the matter and arrangements should be made to have the name of Indian Cigarette Manufacturers put on the approved list for the purposes of the supply of cigarettes for the Defence Services. They also sent a copy of this letter to the Canteen Contractors Syndicate Ltd., Bombay, and requested them to include names of Indian Manufacturers like the Golden Tobacco Co., in their approved list of suppliers. The Director of Contracts in his reply dated 23-2-39, stated that his department purchased cigarettes for the Defence Services in an emergency only. He stated, however, that he would get into touch with the Golden Tobacco Co., for registration of their name on his list of approved contractors and that the Committee's letter would be forwarded to the military authorities for suitable action.

The Syndicate in their reply dated 28th February stated that the sales of the Indian made cigarettes by the contractor members amounted to 99% of the total cigarette trade, and there was no room for further expansion. They stated that the name of the Golden Tobacco Co., Vile Parle, would be included in the list of approved contractors, provided there was a demand from the services for company's cigarettes. They further stated that the sale of Indian made provisions was hampered on account of the unhygienic conditions under which goods were produced in local manufactories. The Committee in their reply dated 10-3-39, desired information regarding the types of goods which required to be hygienically produced to ensure their sale to the services, to enable the Committee to make efforts to secure improvements in the quality of such goods.

Difficulties in the way of Marketing Indian Made Cigarettes.

The Committee in their letter dated 7th July addressed to the Government of India, referred to their previous correspondence drawing the attention of Government to the serious problem of the manufacture of cigarettes in this country by non-Indian firms, which had started factories in India and were putting products on the market competing

with local Indian manufacturers. They pointed out that such competition had resulted in great loss to the Indian manufacturers not only in the cigarette industry but in other industries as well. They stated that while such non-Indian concerns were within their rights to establish factories, it was the clear duty of Government to protect the indigenous industries against the encroachments of non-Indian factories. They stated that the menace to the indigenous cigarette industry was becoming greater by the putting on the market of cheaper priced cigarettes by the non-Indian concerns. The Committee urged Government to examine the question and devise ways and means by which the Indian cigarette industry could be saved from extinction.

Approved Articles for Supply in Railway Stalls and Hotels.

The Committee in their letter dated 19th July, addressed to the Railway Board, referred to the practice of allowing stalls and hotels on Railway platforms to sell only goods of such manufacturers whose products were approved by the Railway authorities concerned. In this connection they stated that they were given to understand that the requests from the Indian owned cigarette factories to get their brands of cigarettes on the approved list were turned down by the authorities concerned and added that such an attitude on the part of the Railways contradicted their claim that they were taking steps wherever possible to encourage the use of Indian made articles for use in the Railways. The Committee urged the Board to look into the matter and issue instructions to the Railway Administrations concerned to arrange for the sale of Indian made articles such as provisions and cigarettes in Railway stalls and hotels without restriction.

Exchange Banks and Indian Policies.

The Committee in a communication dated 25th October addressed to the Exchange Banks Association referred to their previous correspondence regarding the difficulties experienced by Indian merchants and Insurance companies by the reluct-

ance on the part of the Exchange Banks in accepting policies issued by the Indian Insurance Companies. They further stated that they had again received complaints about the refusal of Indian policies by the Exchange Banks. The present difficulty was however the result of the present war conditions. In the past, Indian companies were accommodated as British companies and their policies were in many cases accepted but after the declaration of war, the term British company was interpreted as a company exclusively British and the policies issued by the Indian companies were therefore not accepted. The Committee requested the Association to take up this matter and help the Indian companies to get their policies freely accepted.

The Exchange Banks Association in their reply dated 2nd November stated that there had been no change in their attitude towards the Indian companies recently. They suggested that the Chamber should address the London Chamber of Commerce with a view to bring pressure upon certain British importers to accept the policies of the Indian Insurance companies. The Committee in their reply dated 5-12-39 referred to the enquiries made in Banking circles in London on behalf of one of the Indian Insurance companies on the subject and stated that the information received was to the effect that the banks consulted were of opinion that where the letter of credit stipulated a British Insurance company, such stipulation should include under the term "British" British Indian Insurance companies as well as British Dominion Insurance companies. In the light of the view held in London, it was suggested that the Exchange Banks Association should reconsider the matter and help to get the Indian policies freely accepted. The Committee also addressed on 5-12-39 the London Chamber of Commerce on the subject, as suggested by the Exchange Banks Association, requesting them to use their good offices with the British importers by persuading them to accept without reluctance the policies of Indian Insurance companies in the credits issued by them.

The Indian Chamber of Commerce in Great Britain, London, was also requested to use their good offices with

the authorities of the London Chamber and the British importers in England with a view to get the Indian policies freely accepted.

The Exchange Banks Association in their reply dated 7th December stated that it was upto the Indian shipper to arrange with his buyer to get the policies of Indian companies accepted. It was feared that in times of slump bills might be dishonoured on the plea that the accompanying policies were not strictly "British".

Indian Wheat to be made Tenderable under the Liverpool Wheat Contract.

The Committee of the Chamber, it will be remembered, had carried on correspondence with the Imperial Council of Agricultural Research regarding securing recognition for Indian wheat as a tenderable quality against Liverpool Contracts. The Council in its turn had taken up this matter with the Association controlling wheat trade in London and Liverpool. After exchange of certain correspondence and certain discussions between the Vice-Chairman of the Council and the representatives of those Associations the following conditions were suggested to which Indian wheat should be made to conform for being treated as eligible under the Liverpool contracts :

(*a*) Choice white Karachi, 90% white.
(*b*) Commercially free from weevils.
(*c*) Basis of weight 60½ lbs.
(*d*) Reasonably free from farinaceous grains.
(*e*) Free from dirt.

These conditions were examined by the Committee of the Chamber and they decided to obtain the views of the Associations representing wheat trade before taking any further action on the matter. Accordingly the proposals of the Liverpool and London Associations have been circulated on the 20th February 1939 to the various Associations directly

interested in the wheat trade. The Committee are also obtaining information as to the exact nature of the conditions prescribed for Argentine, and Australian wheat under the rules of the Liverpool Contracts.

Adoption of Standard Contracts.

The Committee nominated Mr. Ratilal M. Gandhi, M.L.C., to represent the Chamber at the Conference convened by the Government of Bombay in connection with the adoption of standard contract terms for staples such as wheat, linseed and groundnuts, held on the 4th April.

Tenders for the Supply of Stationery.

With reference to the correspondence between the Committee and the Central Stationery Office, Calcutta, in connection with the tenders issued by the department for the supply of stationery, as published in the report of the Committee for 1938, and ending with a letter dated 20th December 1938 from the former, the latter in their reply dated 13th January stated that they were not agreeable to revise the dates of submission of tenders as also to reconsider the grouping of items in the tenders and fixing their prices. They however stated that they would consider specific cases of grievances on their merits.

Tender Notice by the N. W. Railway for British Tiles.

It will be recalled that the Committee had protested to the Railway Board against the Tender Notice issued by the N. W. Railway for British Tiles only, excluding Indian made Tiles, as recorded in the report of the Committee for the year 1938. The Railway Board in their reply dated 22-2-39 stated that the tiles in question were required to replace damaged tiles in lavatories of existing stock.

Railway Standard Conditions of Contract.

The Federation of Indian Chambers of Commerce and Industry by their letter dated 27th July 1939 forwarded to

the Committee the proposals of the Chief Controller of Standardisation to amend the Indian Railway Standard Conditions of Contract and invited the views of the Committee thereon. The proposals suggested that the purchaser (the railways) should be entitled to deduct from the amount of security deposit made by a contractor, losses due to any negligence or default on the part of the contractor or to deduct any amount of claim due from the contract, the contractor being immediately obliged to maintain the deposit in its original limit by making good the amount so deducted.

The Committee in their reply dated 16th August stated that they had no objection to the said proposals. They, however, suggested that where such deductions were made from the deposit amount, the contractor concerned should be immediately informed of the details with full particulars of such deductions.

Running Contracts of the Indian Stores Department.

The attention of the Committee was drawn to the difficulties experienced by the tenderers and merchants in the matter of conforming to the terms and conditions of the running rate contracts of the Indian Stores Department under which the Stores Department had the option of purchasing 25 per cent more or 25 per cent less than the contracted quantity. They thereupon addressed the Chief Controller of Stores on 23rd September 1939 pointing out that under circumstances when prices fluctuated rapidly, the tenderers had to carry stocks to the extent of 125 per cent of the quantity prescribed in the tender to be in a position to fulfil the above condition. They suggested that the toleration limit should be fixed at 10 per cent and not 25 per cent which was excessive. They also suggested that the contracts should contain a *force majeure* clause which would absolve the tenderers from liability in case of failure to comply with the terms of the contract on account of conditions over which they had no control.

Bombay Economic and Industrial Survey Committee.

The above Committee invited the views of the Committee of the Chamber on certain further questions, particularly regarding the position of cottage and small scale industries vis-a-vis large scale industries. The Committee on 22nd June sent a detailed reply to the questions raised by the Survey Committee. They pointed out, in short, that in their opinion there was no conflict of interest between large scale industries on the one hand and cottage and small scale industries on the other, and that in a programme of industrialisation in the country all the three sets of industries were necessary for future progress and one could not be ignored or neglected in the interests of the other.

National Planning Committee.

The Committee addressed a communication on 4th April, 1939, to the National Planning Committee, containing their detailed replies to the questionnaire issued by the National Planning Committee.

Supplementary Questionnaire of the National Planning Committee.

In response to the letter from the National Planning Committee forwarding a copy of the supplementary questionnaire of the Committee, the Committee of the Chamber sent a detailed statement of their replies to the said supplementary questionnaire on 17th May 1939.

New Insurance Act and Reduction in Fire Insurance Tariff.

On representation received from a member of the Chamber, the Committee addressed on 24th July the Indian Insurance Companies Association and the Bombay Fire Insurance Association, drawing their attention to the new Insurance Act which prohibited the payment of rebates to the policyholders by the insurers and agents. They pointed out that the stoppage of such rebates meant a reduction of expenditure incurred by Insurance Companies in procuring

business, and increase of cost on account of insurance to merchants and businessmen. They referred in this connection to the reduction of fire insurance rates of mill properties granted to the millowners, and urged the Associations to grant a similar reduction to other classes of their clientele and adjust their rates of premia to the altered circumstances.

The Insurance Association in their reply dated 26th August stated that the level of these rebates had risen precipitously during the period preceding the Insurance Act and therefore it was not possible to give proportionate reduction in the insurance rates following the stoppage of rebates by the new Act. They stated that the purpose of the new Act was to improve the stability of Insurance Companies and if the proportionate reduction in tariff rates were granted as desired, ultimately the interests of the policyholders would suffer. The Committee in their reply dated 7th October stated that even if a reduction to the full extent of the rebates allowed was not possible, the case for a substantial measure of reduction existed and that the companies should share the benefits accruing to them in the matter of reduction of expenditure in procuring business on account of the abolition of the rebate system, with the insuring public. They also requested the Association to consider reduction of insurance tariff in case of buildings with timber flooring.

Increase in Rates of Insurance on Cargo of Small Steamship Companies.

It was represented to the Committee that according to a recent decision of the Bombay Underwriters' Association smaller vessels of certain companies would be treated as Second class steamers for purposes of charges in respect of insurance on cargo shipped per such steamers, thus increasing the rates of premia by about 10 and 20 per cent. The Committee thereupon addressed the Bombay Underwriters' Association on 16th August drawing their attention to the fact that although such increased charges were said to be applicable to steamers of a tonnage less than 1,000 tons, in

certain cases steamers of smaller capacity were specifically excluded from the scope of this increase. They stated that they were given to understand that small steamers owned by or under the management of European companies were allowed to continue at the old rates irrespective of their tonnage. They pointed out that if this was correct, the companies discriminated against would lose their custom, and that the shippers would be led to believe that the condition of such steamers was not satisfactory because of the extra cost involved. They stated that they were of opinion that where steamers were in good condition according to the maritime standards, they should all be treated alike for purpose of insurance irrespective of the tonnage and irrespective of considerations of ownership and management.

The Underwriters' Association in their reply dated 23rd August stated that the matter under reference had been considered by the Association and it was decided to classify steamers of certain steamship companies all under one class and to charge shipments by such vessels at first class rates. This action of the Association had removed the difficulties complained of by the Committee.

Increase in Rates of Insurance for African Ports.

The Committee were informed that recently the rates for marine insurance for African Ports had been increased and that compared with the rates in force for London and other foreign ports, the African rates were far in excess. They, thereupon, addressed on 28th August the Bombay Underwriters' Association pointing out the increase in the rates for African ports and suggested that it would be possible for non-Indian companies to quote lower rates for the same insurance from places outside Indian jurisdiction. They stated that such increase would divert the business from Indian companies to companies outside the Indian tariff schedule. They urged that the Association should bring about a reduction in the rates of marine insurance for African ports charged by companies working under tariff framed by the Association.

Statistics of Retail Prices of Salt in India.

Figures relating to retail prices of salt are at present published every fortnight in the Indian Trade Journal. The Director-General of Commercial Intelligence and Statistics invited the views of the Committee on a proposal that the publication may, in future, be discontinued as a measure of economy. In their reply dated 21st June, the Committee agreed that publication of such prices may be discontinued so far as provinces other than Bengal and Assam were concerned, and that instead they may be published half-yearly. With regard to Bengal and Assam, however, they pointed out that as the prices in the two provinces frequently fluctuated, it was necessary to continue the existing arrangement in regard to fortnightly publication.

Manufacturing and Importing Activities of Government Medical Stores.

The Committee in their communication dated 22nd August 1939 addressed to the Government of India referred to the correspondence that had passed between the Indian Chemical Manufacturers Association and Government with regard to the activities of the Government Medical Stores. They stated that the chemical and pharmaceutical industry in India had now developed to such an extent that it could supply several essential preparations for the use of the faculty and the public. They pointed out that the progress of the industry was hampered by the activities of the Government Medical Stores in the direction of the manufacture of such articles themselves as also import of such foreign articles. The Committee urged that Government should give opportunities to the Indian industry to tender for and supply the requirements of Government and hospitals in regard to drugs and medicines and that Government Medical Stores should curtail their commercial activities of manufacturing and importing and selling such stores.

Government in their reply dated 19th September stated that the total value of drugs imported and manufactured in India by them was less than 6% of the total value of drugs and medicines imported into British India. They therefore stated that there was enough scope for private enterprise to flourish and that the activities of the Government Depots did not restrict expansion of the indigenous industry. According to them their activities were justified in view of the fact that the Army in India needed to be supplied with reliable medical stores. It was argued that there was no compulsion on civil Government hospitals to purchase their medical requirements from Government Medical Stores. The Committee in their reply dated 23rd October stated that the fact that large quantities of drugs and medicines were imported was not sufficient argument for the continuance of manufacturing activities of the Depots which competed with private enterprise. Public institutions and civil hospitals were still supplied by the Government depots and this was a great set-back to the indigenous industry. The Committee however had no objection to the Medical Stores Depots being continued for the requirements of the army, but they strongly urged that the rest of the field should be left free for private enterprise.

Imports of Rice from Saigon and Bangkok.

On representation received from the Bombay Rice Merchants' Association the Committee sent a telegram on 11th January 1939 to the Government of India drawing their attention to the reports that large consignments of rice from Saigon and Bangkok were contracted for Indian ports and desiring to know what action they proposed to take to meet the situation.

Assistance to Export Trade.

The Committee by their communication dated 14th November drew the attention of the Government of India

to the difficulties encountered by the normal export trade of India as a result of war time rules and regulations and stated that merchants were required to secure a quota of export for trade with neutral countries which was a step towards curtailment and strangulation of export trade. Public opinion was much exercised in respect of these restrictions and the Committee emphasised that immediate survey of the present conditions of export trade of the country was necessary with a view to set right the falling export trade.

Competition in Starch Trade.

The Committee addressed the Government of India on 5th July protesting against the uneconomic competition by foreign starch manufacturers and supporting the representation of the Indian Chamber of Commerce, Calcutta, addressed to Government on the subject. They stated that such competition adversely affected the development of the indigenous industry that it was the duty of Government to protect the industry from ruinous competition. They suggested that the matter should be referred to the Tariff Board Enquiry if such an enquiry was found necessary to give the desired protection to the industry and that such reference should be expedited in view of the urgency of the case.

Exhibition of Indian Films in Baghdad.

The Indian Motion Picture Producers' Association drew the attention of the Committee of the Chamber to the difficulties experienced by Indian film producers and distributors in the matter of Indian films exhibited in Baghdad. Although Indian films were popular in that country, the authorities there were not enthusiastic about affording opportunities to exhibitors and film distributors to make it possible for Indian films being shown there. The chief difficulty was that the Censoring authority were not prompt in doing the work of censorship of Indian films. They showed reluctance to take up this work and put it off on one pretext or the other. Moreover, it would appear that recently the censoring

authority had decided that in future only one Indian film per month should be censored. In view of these difficulties, the Committee addressed a letter on 23rd June to the Government of India drawing their attention to the inconvenience caused to Indian interests and requesting their intercession in the matter.

Contact Between Industry and Research.

The problem of investigating the possibilities of manufacturing in the country goods and articles hitherto imported especially chemicals, dyestuffs, etc., needed by industries, had been engaging the attention of the commercial community in view of the war conditions. In this connection, the Committee addressed the Indian Institute of Science, Bangalore, and the University of Bombay, as well as the Department of Chemical Technology, University of Bombay and the Royal Institute of Science, Bombay, drawing their attention to the importance of organised contact between Industry and Research for proper utilisation of the fruits of applied scientific research. It was emphasised that other industrial countries had greatly benefited by such gainful contact by correlation of research work to the industrial needs of such countries. The Committee desired information from these institutions as to the extent and nature of applied work done by them both chemical and physical with a view to investigate the possibilities of utilising the advantages of such research. These institutions were also requested to publish from time to time information about all their research work, having commercial utility, for guidance of industry.

Delegates to the 12th Annual Session of the Federation.

The Committee nominated the following gentlemen as delegates to the 12th Annual Session of the Federation of Indian Chambers of Commerce and Industry held on the 8th and 9th April 1939 at Delhi.

1. Mr. J. C. Setalvad (President).
2. Mr. Chunilal B. Mehta (Vice-President).

3. Mr. M. C. Ghia, M.L.A. (Provincial).
4. Mr. Manu Subedar, M.L.A. (Central).

Resolutions for the 12th Annual Session of the Federation.

The Committee by their letter dated 4th February 1939 sent draft resolutions to be included on the agenda of the 12th Annual Session of the Federation held in the first week of April 1939 on the following subjects :—

1. Fiscal policy.
2. Stamp duty on bills.
3. Indianisation of the services of the Imperial Bank.
4. Exemptions from Income-tax.
5. Double taxation relief.
6. Rupee ratio.
7. Government of India Act and Commercial Safeguards.
8. Indian shipping.
9. Support to Indian Insurance Companies.
10. Foreign capital.

Standing Rice Committee of the Imperial Council of Agricultural Research.

The Committee recommended the name of Mr. Mahomedhusein Hasham Premji for election to the Standing Rice Committee of the Imperial Council of Agricultural Research as a representative of the Federation of Indian Chambers of Commerce and Industry. Mr. A. Bhattacharyya was however elected by the Member-bodies of the Federation.

Indian National Committee of the International Chamber of Commerce.

Mr. J. C. Setalvad, President, was nominated to attend the 10th Annual Meeting of the Indian National Committee as a delegate from the Chamber.

10th Biennial Congress of the International Chamber of Commerce.

The Committee nominated Mr. Fakirji Cowasji to represent the Chamber at the 10th Biennial Congress of the International Chamber of Commerce held at Copenhagen in July 1939.

Co-option of the Retiring President of the Federation of Indian Chambers of Commerce and Industry on the Committee of the Federation.

The Karachi Indian Merchants Association and the Buyers and Shippers Chamber of Karachi had suggested that the rule governing the co-option of members of the Committee of the Federation should be amended to provide for the retiring President being *ipso facto* co-opted on the Committee for the succeeding year.

In this connection the Committee of the Chamber suggested to the Federation that the rules should be so amended as to provide that the retiring President should be an ex-officio member of the Committee of the Federation for the subsequent year and further suggested that until such time the rules were so amended, a convention be established for the co-option of the retiring President for the succeeding year.

Indian Non-official Representation on International Conference.

The Committee addressed on 16th November the Government of India regarding the necessity of the inclusion of Indian non-official representation on the International Conferences in view of the growing industrialisation of the country with regard to vital trades such as sugar, rubber, cotton, etc. It was pointed out that the Government representative, in disregard of the Indian commercial opinion, had placed his signature of approval on the agreement arrived at the International Sugar Conference which prohibited India from exporting any sugar abroad, which would not have been the case if there had been non-official Indian representation in the Conference.

Annual Sessions of the Industries Conference and Association of Non-official Business interests with the same.

The Government of India convene every year an Industries Conference which is attended mainly by representatives of Provincial Governments and Central Government officials. The steps taken by the Department of Industries in the various provinces in regard to the development of industries and allied matters are discussed at such conference and questions of general policy affecting Indian industries are also formulated.

The Committee addressed a letter to the Government of India suggesting that representatives of leading Chambers of Commerce and industrial organisations should be invited to the sessions of the Conference to be held this year at Bangalore in December. They pointed out that having regard to the importance of Indian industrialisation in the existing emergency, such an occasion for joint consultation between official and non-official interests would prove to be of advantage in furthering the main purpose before the Conference.

V.—GENERAL.

Indians Abroad.

The Committee issued on 7th June a statement of their views on the question of treatment accorded to Indians abroad in various countries. They referred to the various anti-Indian laws and regulations passed recently in the Union of South Africa, Kenya, Belgian Congo, Ethiopia, and also to the anti-Indian moves in Burma and Ceylon. They deprecated these efforts to segregate the Indians in the countries concerned and urged that the Government of India should take more active steps to secure to Indians in the various countries redress from the disabilities in question.

Indians in Belgian Congo.

The Indian National Association of Zanzibar forwarded for the information of the Committee a copy of their representation to the Government of India regarding the ill-treatment to Indians in Belgian Congo with a request to intervene and support the case of Indians in Belgian Congo. The Committee thereupon addressed the Government of India on 13th May drawing their attention to the wholesale arrests of respectable and old established Indian traders by the Belgian Government in Congo on charges of illicit trading in gold, and their detention in jail without trial for unduly long time. They referred to the representation of the Indian National Association in Zanzibar on the subject and stated that if the facts as stated therein were correct, they should take immediate action with a view to securing to Indians in that country fair treatment.

Anti-Indian Legislation in Ceylon.

On 21st June 1939 the Committee sent a telegram to the Government of India expressing their deep concern at the developments in Ceylon, where legislation to repatriate Indian daily paid workers was reported to have been undertaken. The Committee requested the intervention of the

Government of India and suggested that Government should ask for the immediate commencement of the trade talks between India and Ceylon, so that at a later date such anti-Indian measures should not be presented as *fait accompli* and therefore excluded from the purview of the trade discussions. The Committee also requested that instead of entering into a mere trade pact with Ceylon, the Government of India should from the very beginning ask for a treaty of commerce and navigation so that provisions in regard to rights of citizenship, trade, navigation, etc., might also be incorporated in the argument.

Mr. Hiralal M. Desai, President, Indian Mercantile Chamber of Ceylon and Mr. Kunjiraman, also a representative from Ceylon, met the Committee of the Chamber on 27th June and placed before them the details in regard to the difficulties arising from the recent anti-Indian drive in Ceylon. They also pointed out that, notwithstanding the favourable balance for India in the Indo-Ceylon trade, the exact position of the trade was that Ceylon derived greater benefit from the trade connection than India. The Committee assured the visitors from Ceylon that they would always be prepared to render all the assistance possible in the cause of securing redress for the Indian nationals in Ceylon.

Riots in Burma.

The Committee sent a telegram dated 15-2-39 to the Government of India drawing their attention to the internecine riots in Burma particularly directed against Indian Nationals and urged Government to take steps for protecting life, property and interests of Indian Nationals.

Enquiry into Indian Immigration in Burma.

On 21st June the Committee sent a telegram to the Government of India pointing out that the terms of reference and the personnel of the proposed Commission of Enquiry into Indian immigration in Burma were unsatisfactory. They suggested that the proposed Assessors should be made members of the Commission enjoying all rights and privileges

and that the scope of the Enquiry should be restricted to the position of unskilled Indian labour in Burma. They also suggested that notice should be given to Burma to terminate the arrangement under the Indo-Burma Trade Regulation Order so that the bargaining power available to India in regard to the trade position between India and Burma might be utilised to the full advantage in securing to Indians in Burma fair treatment. A reply was received from the Government of India stating that the Indian Assessor would be given all opportunities of presenting the Indian standpoint effectively and that the Indians in Burma would have in addition the services of the Indian Agent there and that therefore there was no need to seek any change in the procedure in regard to the personnel of the Commission. The reply also added that the terms of reference were more or less in accordance with the recommendations of the Indian Royal Commission on Labour and of the Interim Report of the Riots Enquiry Committee in Burma and that Government did not consider it necessary to get the terms restricted in any manner. The Committee in a further letter dated 6th July 1939 pointed out that the recommendations of the Royal Commission on Labour would have covered only unskilled labour, and not all classes of Indian residents in Burma, as that Commission was primarily concerned with manual labour. They, therefore, reiterated that the Government of India should make efforts to get the proposed Enquiry limited in scope to unskilled labour only.

Indo-Burma Trade Talks.

The Committee sent a telegram to the Government of India on 26th July in connection with the Indo-Burma Trade Talks pointing out that as a preliminary to any such Trade Agreement between Burma and India, certain essential issues regarding the rights and status of Indian settlers in Burma should be settled. They stated that the recommendations of the Braund Committee regarding steps to be taken for protecting life and property should be implemented, and the principle of compensation to Indians in Burma for losses sustained in the matter of life and property during the last

riots in Burma should be recognised and accepted. The Committee urged that these issues should be a condition precedent to the resumption of negotiations for a Trade Agreement between the two countries.

Restrictions on Export of Rubber to Burma.

The Committee addressed on 9th October 1939 the Government of India drawing their attention to the difficulties experienced by merchants and manufacturers in the matter of exports of rubber and rubber goods from India to Burma. It was stated that these difficulties were the result of the application of the provisions of the Rubber Restriction Scheme and Rubber Control Act to exports from India to Burma early in this year. Consequent upon an International Agreement, exports from India to all foreign countries were controlled from 1934 and export quotas for estates and factories in India were fixed on the basis of the average of the exports of such factory or estate during the six years previous to the control scheme. At that time as Burma was part of India, the restrictions under the scheme did not apply to Burma and therefore no account was taken of the exports from India to Burma in deciding the basis of the quota to be prescribed under the scheme and export quotas for Burma with reference to rubber trade were not considered, as such trade was considered as internal trade. Following the political separation of Burma from India, exports from India to Burma were included in the restriction scheme and therefore rubber exports were to be within the quota under the scheme. The result was that the rubber trade built up by the Indians with Burma since 1934 was suddenly brought within restricted quota under the scheme though originally when the International Agreement came into force, such trade being considered internal trade was free.

The Committee pointed out that Government should have considered the past circumstances before bringing Indian rubber trade with Burma within the pale of the restriction scheme and requested them to get the exports of rubber and rubber goods to Burma excluded from the purview of the restriction scheme.

Imposition of an Import Duty on Burmese Rice.

The Federation of Indian Chambers of Commerce and Industry addressed the Committee on 1st May on the question of the levy of an import duty on Burmese rice with a view to safeguard the Indian rice interests against dumping of Burmese rice in India, in view of the possible reconsideration of the Indo-Burmese Trade Agreement in the near future and invited the views of the Chamber thereon. The Committee in their reply dated 13th May stated that the Federation would be well advised not to commit themselves by an expression of views on the subject for the time being as the same would be taken up as part of the larger question of the future trade relations between the two countries in 1940 when the existing Trade Regulation Order would expire.

Prohibition of Imports of Cotton Seeds from Burma.

Under the Destructive Insects and Pests Act, 1914, the Government of India had power to prohibit the importation of seeds or plant from any foreign country into Indian territory. Under this Act by a notification dated 25th July 1936 the import of cotton seed was prohibited except for experimental purposes. After the separation of Burma this prohibition was also made applicable for imports from Burma with effect from 9th February 1938. It was pointed out to the Committee that this prohibition had led to a depression in the prices available for cotton seeds in Burma and the Indian owners of ginneries in that country were confronted with the problem of the disposal of their cotton seeds. The Committee, therefore, addressed a communication on 21st June to the Government of India enquiring if the prohibition was imposed only as a matter of mere formality following the political separation or if Government had special reasons for doing so. If it was enforced as a matter of formality, the Committee suggested that, having regard to the Indian interests involved, the prohibition might be lifted.

The Government of India in their reply dated 22nd July, stated that after the separation, they had no control over the conditions in Burma and therefore such prohibition was

necessary to save the cotton crops in India from being infected by pests introduced into the country through such imports.

Restrictions on Indian Passengers at Manila Port.

On a representation received from the Indian Chamber of Commerce, Japan, on the above question, the Committee addressed the Government of India on 16th March, drawing their attention to the complaint that through Indian passengers travelling by the Lloyd Triestino boats were not allowed to land at Manila which had been recently made a port of call. The Committee pointed out that this restriction was in accordance with a definite rule governing the landing of passengers at the port to the effect "No Indians and Chinese allowed on shore." The Committee protested that this restriction placed on Indian Nationals was an insult to Indian self-respect inasmuch as other nationalities on board the steamers were allowed to go on shore. The Committee urged Government to make diplomatic representations to the Phillipine Government through the proper channel and remove the humiliation suffered by Indians.

Telegram to H. E. the Viceroy regarding Rajkot Developments.

On 3rd March, 1939, the President sent a telegram to H. E. the Viceroy expressing deep concern at Mahatma Gandhi commencing his fast as a protest against happenings in Rajkot and urging the Viceroy to intervene with a view to bring about a settlement.

Regarding Difficulties experienced by Merchants in Limbdi State.

On receiving representation from a responsible quarter, the Committee addressed the Dewan Saheb of Limbdi State on 24th May drawing his attention to certain difficulties experienced by the Limbdi State subjects who had gone to

the neighbouring States or British India on a Hijrat. The Committee stated that they were informed that a duty of one anna in the rupee was levied on all goods which were taken or attempted to be taken away from the State, that some property was taken away on payment of such a duty and that the State had prohibited property being taken away even on payment of such an export duty. The Committee observed that if this information was true, it would inflict great hardships on the merchants and traders who would be ruined entirely. The Committee stated that it could not be the object of the State to ruin these traders, and that the State authorities would not be vindictive to these people after they had left the State. The Committee urged that these merchants should be allowed to take away their property on payment of the export cess without any interference as otherwise their goods would be spoiled with no corresponding advantage to the State.

In a reply dated 1st June, the Dewan of Limbdi pointed out that there was no prohibitory order by the State banning removal of goods and that merchants who had any grievance in regard to any matter should be advised to approach the authorities through the Merchants' Association of Limbdi. The Committee sent a further letter on 20th June to the Dewan of Limbdi, pointing out that from reports received, it would appear that the merchants were not being permitted to open their shops or to remove their goods even on payment of the prescribed duty. They also added that as the merchants concerned were not members of the Merchants' Association of Limbdi, there was no point in suggesting that they should approach the State authorities in regard to their grievances through the said Association. The Committee requested the Dewan that the merchants who had gone out from Limbdi should be given every facility to take away their goods and property.

Indian Residents in Addis Ababa.

On the war breaking out on the European continent His Majesty's Consul concerned, apprised the Indian residents at

Addis Ababa that it was no longer safe for them to remain in Addis-Ababa and that they should evacuate as soon as possible. Accordingly, apprehending war danger, the Indian residents left Addis Ababa leaving behind their entire belongings which came to about Rs. 80 lakhs. The passports given to these unfortunate Indians mentioned that they were for leaving the country and would not entitle them to re-enter the country. It may be noted that these residents were allowed to take away with them only about Rs. 15 while leaving the country. When later it was found that Italy was not one of the belligerents, these Indian residents tried to go back to Abyssinia, but they were not allowed to enter the country as their passports did not entitle them to enter the country. The Committee, in this connection addressed the Government of India urging them to intervene in the matter and negotiate with the Italian Government to obtain for these Indians permission to re-enter the country and resume their former avocations. It was stressed that it was the duty of the Government of India to help these Indians who were after all British citizens.

Non-arrival of the Italian Steamer "Conte Biancamano".

The Italian steamer "Conte Biancamano" which sailed for India with a complement of nearly 150 Indian passengers, having failed to arrive at the scheduled time, the Committee sent a telegram to the Government of India expressing anxiety for the safety of the passengers on the boat and enquiring whether Government had taken any steps to ensure their safe arrival.

Cancellation of Freights by Steamer Companies.

On receiving representations from some shippers to the effect that the local steamship companies had cancelled all forward freight contracts which were booked by the shippers prior to the outbreak of war, the Committee sent a telegram

to the Government of India on 14th September protesting against such wholesale cancellation of contracts by the steamer companies. It was pointed out that such cancellation was not justified in view of the fact that the same freight was offered at increased rates and that this extreme step on the part of the steamer companies had brought many a shipper into great trouble by not being able to meet his obligations. The telegram stated that such action would affect the continuance of export trade which was essential for the prosecution of war and that therefore Government should intervene in the interests of the shippers.

The Committee also addressed the steamer companies drawing their attention to their notice issued to the shippers intimating cancellation of all freight contracts due to the outbreak of hostilities. Such action on the part of the shipping companies was a disservice to the shippers who had cooperated with them since long, especially as the same freight was offered at increased rates. The Committee urged the companies to be more considerate and cancel their above notice. The steamer companies in a joint reply dated 20th September stated that the contracts were cancelled in accordance with the terms of the Shipping Orders and that they were unable to alter their decision.

The Committee again addressed the Liners on 29th September pointing out that the war clause in the shipping orders would come into operation only if and when the performances of the shipowners obligations under the contracts were either made unsafe or impracticable on account of war conditions. As pointed out earlier the same freight was being offered at increased rates which proved that the Liners had freight available for the shippers which was withheld for securing higher rates. Under the circumstances the Committee emphasised the moral duty of the Liners in the present case which should be to enable the shippers to fulfil their commitments and not to take shelter under an omnibus war clause to evade their obligations.

Chemdyes Ltd.

At the request of some member-firms the Committee on 20th September 1939, addressed the Government of India drawing their attention to the restrictions imposed, under orders of Government, on the trading activities of Messrs. Chemdyes Ltd., importers and dealers in colours and chemicals required for the various industries in the country. It was pointed out that millowners and other merchants had entered into contracts with the company for the supply of dyestuffs and chemicals required for industrial and other purposes, which supplies were now being delayed as a result of the restriction and the industries concerned were placed in a difficult position. Government might have placed this restriction on the sale of company's stocks to arrange for such supplies for their own war requirements, but the Committee pointed out in this connection that the parties above referred to had entered into contracts with the company even prior to the war emergency. In view of the importance of continuing the manufacturing activities, especially of key industries during the war period, the Committee urged that the restrictions on trading activities imposed on the said firm should be removed at an early date.

The Deputy Controller of Enemy Firms in his reply dated 26th September informed the Committee that an arrangement had been arrived at with Messrs. Chemdyes Ltd., whereby marketing of their existing stocks would be resumed. He desired the co-operation of the Chamber in arranging the issue of stocks of the company with due regard to the actual needs and requirements of the merchants.

Export of Wool.

The Committee addressed the Central Board of Revenue on 21st September drawing their attention to the notice issued by the Collector of Customs, Bombay, dated 11th September, prohibiting the export of wool, raw, by sea or land out of British India except under a licence granted by the Collector

of Customs, wherein it was proposed that such licences should be given only to those shippers who on the yearly average of the last three years shipped 500,000 lbs. They observed that such a proposal would confine the business to a few exporters doing business on a large scale resulting in injustice to small exporters. They suggested that such licences should be given to all shippers who on an yearly average of the last three years shipped 100,000 lbs. and not 500,000 lbs. as proposed and that export by a shipper from all the different Indian ports should be taken into consideration for the purpose of computing the amount of quantity.

Exports to Neutral Countries.

The Committee addressed the Collector of Customs, Bombay on 9th October 1939, drawing his attention to the Government of India Notification dated 25th September, under which various restrictions were imposed on the exports from India of goods mentioned therein, whereby exports of raw materials like cotton, oilseeds, etc., to neutral countries were permitted only under licences issued by the Customs authorities. The Committee were informed in this connection that necessary instructions regarding the terms and conditions of such licences had not yet been received from the Central Government as a result of which goods in fulfilment of earlier contracts were also awaiting to be shipped and that negotiations of fresh business with neutral countries were not possible.

The Committee requested the Collector to expedite formalities connected with permission for exports.

Election of a Representative of the Federation of Indian Chambers of Commerce and Industry on the Wool Conference.

Mr. Jeevandas Doongersi, the nominee of the Chamber was elected to represent the Federation of Indian Chambers of Commerce and Industry on the Wool Conference convened by the Government of India.

Supply of Chemicals Required for Sugar Industry.

The Committee addressed on 8th November the Government of India regarding the difficulties experienced in obtaining from overseas the supplies of chemicals both manufacturing and laboratory, required for the manufacture of sugar and for cane growing, such as sulphur, ammonium sulphate, etc., orders for which had already been placed before the outbreak of the war. Information was sought whether Government had taken any steps to get these essential chemicals so very necessary for industry and agriculture.

The Government of India in their reply dated 1st December stated that the Indian sugar syndicate had already purchased large quantities of sulphur from America and that the supply of the same was available from Italy and Japan. It was also stated that the Imperial Chemical Industries would be shortly in a position to supply Ammonium sulphate.

A. R. P. Activities.

It is essential that the civil population in business localities should know what A. R. P. means in these days of aerial warfare ; with that end in view, the Committee, in collaboration with the Special Officer for A. R. P. work of the Government of Bombay made arrangements to provide instructions in preliminary training to members (including staff) of the Chamber. The Committee appointed a special A. R. P. Sub-Committee to take such measures as were necessary in furthering this cause. Nearly 60 members, including members of their staff took advantage of the classes in A. R. P. held at the B. E. S. T. Office. The Committee further arranged classes at the Mahajan Wadi and Grain Merchants Association Hall in preliminary training. It is desired that those who have their interests—residential or otherwise—in the postal areas of Kalbadevi, Mandvi and Chinch Bunder will co-operate with the Committee's activi-

ties in this respect and profit by knowing all about Air Raid Precautions.

Trade and Commerce under War.

Consequent on the outbreak of war between His Majesty's Government and Germany, many problems which affected the normal business of the commercial community arose and received the attention of the Committee. A Special War Sub-committee was appointed to deal with all these matters. The Committee made representations to the Government of India on a number of questions such as the policy of requisitioning ships plying on Indian coasts, release of cargo lying on neutral ports, registration of claims of Indian nationals due from enemy firms and such other matters including certain peculiar difficulties which merchants experienced by virtue of the fact of their having entered into contract before the outbreak of war, with railway companies and other public and semi-public bodies. The Committee also advised businessmen who sought their guidance on the procedure the latter should follow in securing goods lying on neutral ports.

Columns in the Chamber's Journal are specially devoted to clear off such information as is contained in Government communiques which may serve the purpose of ready reference to those who need it.

Manufacture of Chemicals in the Country.

The Committee addressed the Government of Bombay on 16th December regarding the difficulty in obtaining normal supplies of industrial products including essential chemicals which were being hitherto imported from foreign countries. They referred, in this connection, to the memorandum submitted to Government by the chemists of the Presidency containing suggestions for the development of industries in the Presidency and drew the attention to one of the suggestions contained in the said memorandum to the effect that a Provincial Scientific Industrial Research Council

be appointed by Government consisting of industrialists, technical experts, researchmen etc., the function of which body would be to advise Government in starting and developing industries in the country. The Committee urged Government to examine the above suggestion and let them know what action Government proposed to take in the matter. It was stressed that the present time was opportune for development of all such industries in the Presidency.

Appointment of a European Civilian as Special Commissioner of Income-tax, Bombay Circle.

The Committee sent a telegram on 23rd March to the Government of India protesting against the appointment of a European Civilian as one of the three additional Special Commissioners of Income-tax. They stated that it was presumed that it was the intention of Government to appoint the three additional Commissioners from the experienced Cadre of Assistant Commissioners who had been in charge of Income-tax Department.

Attack on Indian Businessmen by the Finance Member of the Government of India.

The Committee issued a press note protesting against the unwarranted remarks of Sir James Grigg, Finance Member of the Government of India, condemning businessmen of India as exploiters, during the course of the Budget discussion in the Legislative Assembly, and associating the Leader of the Opposition in the said remarks, in whom the Commercial Community had full faith and confidence. The Committee stated that it was wrong and cruel to say that racial hatred had been engendered by businessmen in India and added that real harm was done by exploiters who came from outside and who had no interest in the country.

Constitution of the All-India Accountancy Board.

The Committee addressed a communication to the Government of India on 1st April 1939, embodying their views

on the proposals regarding the constitution of the Accountancy Board contained in Government Notification of 11th March, 1939. The Committee referred to their previous communication on the subject and observed that although the draft rules under reference were a distinct improvement from the original scheme, further modifications in the said rules were required to make them generally acceptable. The Committee suggested that all the registered accountants and not only those on the approved list should be eligible for being chosen for the elective seats allotted for the members of the profession. As against two seats proposed to be filled by Government nomination, excluding 4 seats for business representation in the tentative scheme, Government now proposed to fill by nomination 6 seats. The Committee suggested that Government nomination should be reduced to 2. Regarding 4 seats for business in the tentative scheme, the rules under reference gave power to the Federation of Indian Chambers of Commerce and Industry and the Associated Chamber of Commerce to nominate 1 seat each, thus reducing 4 seats to 2 seats for business. The Committee suggested that this number should be increased to 4, two for the Federation and two for the Associated Chambers of Commerce. They also suggested that the said bodies should elect their respective representatives and that businessmen should also, be allowed to stand for such election and not only registered accountants as provided in the said rules.

Dual System in the Bombay High Court.

With reference to the proposal of the Government of Bombay to abolish the dual system prevailing in the Bombay High Court with a view to lighten the cost of litigation, the Solicitors Clerks Association represented to the Committee that the dual system by itself was not responsible for the high cost of litigation. They pointed out alternative directions in which costs could be reduced without abolishing the dual system or the establishment of a City Civil Court and submitted a draft scheme for adjustment of

legal claims with a view to cheapening costs. Thereupon the Committee addressed the Government of Bombay on 25th May requesting for full details of the proposals of Government regarding any changes under contemplation in respect of the dual system as also in respect of the Court fees payable on the Original side of the Bombay High Court. Government in their reply stated that the information would be furnished when the scheme was ready.

Forest Utilisation Central Advisory Board.

The Government of India have decided to appoint a Central Advisory Board in regard to Forest Utilisation with a view to promote the better utilisation of the resources and wealth of forests in India, and invited the Federation of Indian Chambers of Commerce and Industry to nominate 2 representatives on the Board. The Federation, in turn, invited nominations from Member-bodies, and as a result of the election held in this connection Lala Shri Ram, Delhi, and Lala Padampat Singhania, Cawnpore, have been returned as representatives of the Federation on the Advisory Board.

Growing of Cinchona and Eucalyptus Plants in the Bombay Presidency.

The Committee, at the instance of a member, enquired of the Government of Bombay, whether in view of the inadequate supply of quinine for the requirements of the country, they had considered the possibilities of growing Cinchona and Eucalyptus plants in the Presidency. Government in their reply dated 15th August stated that although the matter had been under their consideration, it could not be pursued further as the Imperial Council of Agricultural Research had the question of cultivation of Cinchona under examination and that a report had been published in this regard. It was also stated that Government were awaiting a report regarding its cultivation in Kanara District in the light of the recommendations of the report of the Imperial Council

of Agricultural Research, and that the Chamber would be informed before Government took any action in the matter. Regarding Eucalyptus plants, they stated that cultivation on a plantation scale had not been attempted in the presidency.

Appointment of Committee to recommend Public Holidays Under the Negotiable Instruments Act, 1881.

The Committee of the Chamber nominated Mr. J. C. Setalvad, President, as their representative on the special Committee which the Government of Bombay appointed to consider what festivals should be recognised as Public Holidays under the Negotiable Instruments Act, 1881.

Training of Indian Students in Banks in England.

The attention of the Committee was drawn to the remarks of the Governor of the Reserve Bank of India made in his speech at the Annual Meeting of the Shareholders of the Bank held at Madras, to the effect that good banking laws alone were not sufficient for the healthy development of banking in the absence of good bank officials. They thereupon addressed the Governor of the Reserve Bank on 22nd February 1939, pointing out that the opportunities available for Indian students for practical training in the country were limited, inasmuch as the number of Indian Joint Stock Banks were few and the opportunities for specialised education in such banks were also limited. The Committee suggested that a scheme should be evolved by which Indian banking students might be sent abroad for practical training in Banks in England and that the Reserve Bank, with the support of the Government of India, should facilitate entry of such Indian apprentices in banking institutions in England. They suggested a tentative scheme for the purpose and requested the Board of the Reserve Bank to settle the details of the scheme in consultation with such co-operative and other banks who might be prepared to join hands in this effort for supplying trained personnel for the Indian banking system.

The Reserve Bank in their reply dated 23rd March stated that they already encouraged members of their staff to pass the examinations of the Indian or English Institute of Bankers by offering honoraria to successful candidates. Indian Officers of the Bank were also given facilities for the study of banking conditions in foreign countries while on leave. Regarding other banks in India they stated that some of them had arrangements with their agents abroad whereby certain number of their Indian employees were taken up for training abroad every year. They added that it was their experience that the number of students trained in Banking was already in excess of the demand and therefore it was not necessary to extend facilities for study abroad except to those who were already in employment. In this connection the Committee addressed on 31st March the member Banks requesting for more information regarding the existing arrangements between Indian Banks and their agents abroad in regard to provision of facilities for training certain number of employees every year.

Inter-Universities Conference.

The Committee addressed on 1st March 1939, the Vice-Chancellor of the Bombay University drawing his attention to the necessity of taking up the following items before the University Conference held in Bombay in the first week of March 1939.

(1) A definite scheme required to make science and research training of commercial value.

(2) An up-to-date register of the unemployed graduates and undergraduates to be maintained by the University to mitigate hardship of educated unemployed.

They also suggested a resolution regarding the recognition of films as a medium of instruction for consideration before the Universities Conference.

University and Unemployment Bureau.

A member of the Committee addressed the Committee on 9th August requesting them to take up the question of registration of the educated unemployed and to take steps to get the University Act so amended as to enable the University to open Unemployment Bureaus.

The Committee forwarded copies of the above letter to Prof. S. R. Davar and Mr. M. C. Ghia and Mr. Bhawanji A. Khimji, members on the Bombay Legislative Council, Assembly and Bombay Municipality respectively for such action as they might deem possible.

Unemployment Statistics and Recording.

It will be recalled that the Committee had addressed communications to the Government of India on the above subject emphasising the need of including information about unemployment in the next census as well as to the Government of Bombay requesting them to draw the attention of the Central Government to the necessity of collecting such information.

The Committee, on the 8th November, enquired of the Government of Bombay whether they had heard anything further from the Central Government in regard to their suggestion. They also reminded the Central Government to let them know whether their previous suggestions in this connection had been considered by Government. On hearing from the Bombay Government that they had not heard anything further in the matter, the Committee again addressed them on 29th November drawing their attention to the Press report to the effect that Provincial Governments were being consulted in regard to the extent to which the next census should be limited in view of the war. They requested the Bombay Government to express themselves against any such limitation.

Resident Excise Staff at Sugar Factories.

It was represented to the Committee that the Central Government were maintaining resident preventive staff at the sugar factories in the Bombay Presidency and that the factories greatly resented such interference on the part of Government. The Committee thereupon addressed the Central Board of Revenue on the 15th May pointing out that no such practice was followed in other provinces particularly in U. P. and Bihar where more than 80 per cent of the sugar factories were located. The Committee stated that the sugar factories were worked and run by joint stock companies who maintained accounts in the prescribed forms which were subject to audit and the same could be inspected by Government to check evasion of Government dues. The Committee urged Government to put a stop to this differential treatment meted out to the factories in Bombay Province and follow a uniform procedure for collection of revenue dues from sugar factories.

Indian Industries Fair.

It was decided by the Committee to arrange for a stall in the 5th Indian Industries Fair held in March-April 1939 in Bombay. The stall exhibited interesting graphs and charts giving detailed figures relating to trade. Arrangements were also made for supplying Commercial information to those enquiring for the same.

Statistics by the League of Nations.

The Committee addressed the League of Nations stressing the necessity for including Indian statistics in statistical publications issued by the League, as well as the Government of India requesting them to supply such statistics regularly to the League.

Amendments to the Building Regulations and By-laws of the Bombay Municipality.

The Bombay Municipality submitted draft amendments to the Building Regulations and By-laws of the Municipality

and desired the views of the Committee thereon. The Committee in their reply dated 19th October forwarded the suggestions and comments on the proposed amendments received from some of their architect members. In view of the fact that conferences and discussions with architects and others interested in the subject were still in progress, the Committee suggested that the final modified draft incorporating the results of these conferences should be sent to them for consideration.

J. N. Tata Centenary Celebration.

The President of the Chamber sent a message to Messrs. Tata Sons Ltd., on the occasion of the celebration of the Centenary of the birth of the late Mr. J. N. Tata conveying heartfelt felicitations to the House of Tatas.

Commercial Examinations.

Annual function for the distribution of Diplomas and Certificates to the successful candidates who appeared for the Chamber's 1939 Commercial Examinations was held on 15th September 1939 when the President, Mr. J. C. Setalvad, gave away the Diplomas and Certificates. 417 candidates appeared for the Examination held in May 1939 out of whom 119 and 67 were successful in Diploma Groups and Certificates Examinations respectively. Sixty-one recognised institutions participated in sending up students for the examinations as against 56 last year. The examinations were held in the following 17 centres as against 15 last year :—

Bombay	Coimbatore
Poona	Trivandrum
Ahmedabad	Palghat
Surat	Mangalore
Karachi	Nagpur
Madras	Junagadh
Mysore	Delhi
Bangalore	Calcutta
Trichinopoly	

Death of His Excellency Lord Brabourne.

The President sent a telegram of condolence to Lady Brabourne on the sad death of His Excellency Lord Brabourne.

Obituary.

The Committee passed resolutions placing on record their sense of loss by the sad deaths during the year of Mr. Lakhmidas Rowjee Tairsee, Sir Hormusji Cowasji Adenwala, Seth Harjivan Valji and Mr. Gunvant Kapadia.

Lalji Naranji Memorial Indian Merchants' Chamber Building.

The year saw the realisation of a long-cherished desire, viz. the possession by the Chamber of a building of its own.

As members are aware the Building is intended to be a Memorial for the late Sheth Lalji Naranji. Under the Memorial Scheme, the Building is held in Trust for the use and benefit of the Chamber. There would be five Trustees, of whom Sheth Chatrabhuj Gordhandas Sunderdas, the principal donor, will be a Trustee for life, and four other Trustees will be appointed by the Committee of the Chamber. In accordance with the above arrangement, the Committee have appointed the following four gentlemen as Building Trustees representing the Chamber :—

1. Sheth Gordhandas G. Morarji,
2. Mr. Jivanlal C. Setalvad,
3. Sheth Mathuradas Vissanji, and
4. Mr. M. C. Ghia, M.L.A.

The Building was declared open by Sardar Vallabhbhai Patel on 19th May, 1939. On the same day, a marble bust of the late Sheth Lalji Naranji was unveiled in the entrance hall by Sjt. Bhulabhai J. Desai. A more detailed account of

the Building Opening ceremony appeared in the June issue of the *Journal* of the Chamber.

The Building consists of a ground floor and three upper floors. The estimated total cost is about Rs. 2,25,000 (exclusive of the land, which is leasehold). The resources available with the Memorial Committee fell short of this requirement by about Rs. 50,000 and this amount has been raised by a loan.

The Chamber has spent a further sum of over Rs. 17,000 in equipping the Building with furniture and fittings.

The thanks of the members of the Chamber are due to the members of the Lalji Naranji Memorial Committee, Sheth Chatrabhuj Gordhandas, the principal donor, and the other donors.

Messrs. Narrondass Manordass : Patron-Member.

During the year Messrs. Narrondass Manordass were elected Patron-Member, of the Chamber. Incidentally, it may be mentioned that they are the first Patron-Member.

Sheth Gordhandas P. Sonawalla, the proprietor of the firm gave to the Chamber a handsome donation of Rs. 30,000, out of which Rs. 5,000 were earmarked for fees payable by the firm as Patron-Member, and another Rs. 5,000 as their contribution to the Lalji Naranji Memorial Fund. From the remaining Rs. 20,000 over Rs. 17,000 have been spent in equipping the Building with furniture and fittings. In recognition of this valuable assistance, the General Meeting Hall on the Second Floor of the Building has, with the permission of the Lalji Naranji Memorial Committee, been named after the firm as *Narrondass Manordass Hall & Library*. The thanks of the members of the Chamber are due to Sheth Gordhandas P. Sonawala for this generous help.

Membership of the Chamber.

At the beginning of the year there were on the Register 554 members. During the year 67 members were elected

and 31 discontinued their membership (18 having resigned, 10 having been struck off from the rolls for arrears of subscription and 3 having died). There are thus 590 members now on the roll.

Accounts.

The statement of accounts of the Chamber for the year ended 31st December 1939 with the auditors report is annexed hereto. It will be observed that a sum of Rs. 3,873 has been received as contributions from the representatives of the Chamber on various public bodies. The best thanks of the Committee are due to the gentlemen who have made these contributions.

THE INDIAN MERCHANTS' CHAMBER

Dr. *Receipts and Payments Account from 1st January 1939 to 31st December 1939* **Cr.**

RECEIPTS			Rs.	a.	p.
To Balance brought forward as per last year's a/c.			1,09,105	15	10
,, CAPITAL FUND :	Rs.				
67 New Members @ Rs. 50/- each	3,350/-				
4 New Members @ Rs. 50/- each received in advance	200/-				
1 Patron-Member	5,000/-				
		8,550/-			
Less Admission fee of 2 Members last year	100/-				
			8,450	0	0
,, MEMBERSHIP SUBSCRIPTION :		Rs.			
384 Resident Members @ Rs. 75/- each		28,800/-			
92 Limited Companies @ Rs. 100/- ,,		9,200/-			
80 Mofussil Members @ Rs. 25/- ,,		2,000/-			
33 Assocn. Members @ Rs. 125/- ,,		4,125/-			
Outstanding realised		3,100/-			
Subscription received from 1 member (since deceased) Rs. 75/- and difference in subscription of 1 ordinary member converted to Limited Co. Rs. 25/-		100/-			
	Rs.	47,325/-			
Less Subscription outstanding	3,075/-				
Bad Debts (16 Members)	1,100/-				
Subscription received last year from 3 members : 2 @ Rs. 75/- and 1 @ Rs 25/-	175/-				
		4,350/-			
		42,975/-			

PAYMENTS	Rs.	a.	p.
By Establishment charges	30,621	4	0
,, Rent, Insurance, Heating & Lighting Charges ..	2,220	1	11
,, Telephone Rent	590	0	0
,, Postage & Telegrams	2,310	8	9
,, Printing Reports, etc.	3,504	1	0
,, ,, Journal	3,505	14	0
,, Stationery	1,812	15	6
,, Commercial Examinations, including honorarium to Examiners, printing syllabus, etc. ..	2,794	0	6
,, Subscriptions to Newspapers & Periodicals ..	506	13	6
,, Books for Library	605	2	6
,, Miscellaneous Expenses	479	2	3
,, Upkeep of Library, including binding charges, etc.	89	4	0
,, Carriage Hire	369	1	6
,, Chairs Hire	84	8	0
,, Commission on Advertisements in Journal ..	364	14	0
,, Auditors' Honorarium for 1938	100	0	0
,, Repairs to Typewriters, etc.	78	0	0
,, Membership subscription to Federation of Indian Chambers of Commerce & Industry ..	150	0	0
,, Membership subscription to Indian National Committee, International Chamber of Commerce	33	0	0
,, Contribution to Indian Chamber of Commerce in Great Britain	28	8	9
,, Bank Commission	11	3	0
,, Deposit with Central Publication Branch, Delhi on 31-12-39	28	3	0
,, Deposit with Chief Censor, India, Delhi ..	5	0	0
,, Travelling Expenses	451	6	0
,, Balance of Loans to Office Peons (recoverable)	160	0	0
,, Souvenir	2,177	12	6
,, Income-tax	412	11	0

Add Subscription received from 4 new Members @ Rs. 75/- each and 1 old Member @ Rs. 25/-		325/-			
			43,300	0	0
To Contribution from Messrs. Narrondass Manordass		30,000/-			
Less Subscription as Patron Member	5,000/-				
Contribution to the Building Fund	5,000/-	10,000/-			
			20,000	0	0
To Contribution from Chamber's representatives on various public bodies			3,873	0	0
,, Fees for Commercial Examinations			4,883	4	0
,, Interest on Investments & Current Account ..			2,754	6	10
,, Advertisements in Journal			1,974	15	0
,, Fees for Certificates of Origin, etc.			4,630	0	0
,, Subscriptions to Journal			93	12	0
,, Sale of Members' Lists, etc.			197	0	0
,, Syllabus & Question Papers ..			78	15	6
,, old office furniture			514	8	0
,, Survey fee surplus			15	0	0
,, Advertisement in Syllabus (6th Edition) ..			80	0	0
,, Fees for recognition of Commercial Institutes			5	0	0
,, Deposit with Central Publication Branch, Delhi, as per last year's a/c. ..			25	13	6
,, Loan recovered from Clerks & Peons as per last year's Account			165	0	0
,, Sundry Receipts			45	12	0
Carried over Rs.			2,00,192	6	8

By Removal of Office Records etc.					255	11	0
,, Safe Custody Charges (Central Bank)					25	0	0
,, A. R. P. expenses					119	9	0
,, Furniture, Fittings etc.—Rs.	a.	p.					
Office Furniture 13,456	4	0					
Ceiling Fans 1,400	2	0					
Electric Fittings 1,601	8	0					
Furniture Repairs 410	0	0					
Other Items 533	8	6					
					17,401	6	6
					71,295	1	8
BY BALANCE:—							
CAPITAL FUND: Rs.	a.	p.					
5% Govt. Loan (1945-55) of Rs. 5000/- at cost 5,425	0	0					
5% Municipal Loan (1959) of Rs. 10,000/- at cost 8,862	8	0					
3½% Govt. Loan (1947-1950) of Rs. 29,000/- at cost 30,848	12	0					
Loan to Lalji Naranji Memorial Trustees 10,000	0	0					
In Current Account with the Central Bank of India, Ltd. 3,062	8	0					
			58,198	12	0		
Carried over Rs.			58,198	12	0	71,295	1 8

	Rs.	a.	p.
Brought over	2,00,192	6	8
Total Rs.	2,00,192	6	8

		Rs.	a.	p.	Rs.	a.	p.
Brought over					58,198	12	0
By OTHER INVESTMENTS :							
4% Port Trust Bonds (1969) of Rs. 2,000/- at cost	Rs.	2,025	0	0			
2½% Govt. Loan (1948-52) of Rs. 20,000/- at cost		20,025	0	0			
3½% Govt. Loan (1947-1950) of Rs. 9,000/- at cost		9,573	12	0			
Loan to Lalji Naranji Memorial Trustees		30,000	0	0			
					61,623	12	0
,, CASH :							
In Current Account with the Central Bank of India, Ltd.		5,470	12	11			
,, Bank of India, Ltd.		2,952	3	11			
On hand (including Cheques)		651	12	2	9,074	13	0
					Total Rs.		
						1,28,897	5 0
						2,00,192	6 8

J. K. MEHTA,
Secretary.

J. C. SETALVAD,
President.

We have examined the above account of Receipts and Payments with books and vouchers of the Indian Merchants Chamber and certify that the same is correct.

Bombay, 5th January 1940.

DEVIDAS VITHALDAS & CO.,
Accountants & Auditors.

APPENDICES

I.—TRANSPORT AND COMMUNICATIONS

APPENDIX 1

Imperial Shipping Committee and British Shipping in the Far East

Letter No. 100-M.1|38 *dated 5th June* 1939 *from the Joint Secretary to the Government of India, Department of Commerce, Simla to Chamber.*

I am directed to say that the Government of India have at present under consideration the recent Report of the Imperial Shipping Committee on British Shipping in the Orient and that before formulating their views, they would be glad to receive any observations on the Report which your Chamber may wish to offer. I am to request that the reply to this letter may be sent so as to reach this Department not later than the 5th July, 1939.

Letter No. 1720 *dated 6th July* 1939 *from Chamber to the Secretary to the Government of India, Department of Commerce, Simla.*

With further reference to your letter No. 100-M.1|38, dated 5th June, I am now directed by my Committee to offer the following remarks, as desired by you, on the Report of the Imperial Shipping Committee on the British Shipping in the Orient.

The Report has raised issues of great importance, and my Committee note with pleasure that the Imperial Shipping Committee have made it clear that the expression "British Shipping" does not mean the shipping of the United Kingdom only but includes the shipping of the Dominions as well as India. My Committee are also glad to observe that the Imperial Shipping Committee have realised the importance of Indian shipping and its place in the shipping of the British

Commonwealth as a great maritime country and have recognised the necessity of improving the position of Indian shipping in the overseas trade and of active co-operation on the part of the shipping of the United Kingdom with shipping owned, managed and controlled by Indians in India. My Committee would draw the most earnest attention of the Government of India to the recognition of these two important principles by the Imperial Shipping Committee.

My Committee have before them a copy of the representation dated 30th June made by the Indian National Steamship Owners Association to the Government of India on this Report, and they have very carefully gone through the same. I am now directed by my Committee to add that they accord their strong support to the views, suggestions and proposals set forth in that communication and have to request you to improve the position of shipping owned, managed and controlled by Indians themselves in the light of what is set forth therein. My Committee have to express the hope that the Government of India will be pleased to give the same their best consideration and take active and effective steps at an early date to ensure the position of Indian shipping in the overseas trade in the light of their past assurances and promises and particularly improve its position in the trade to, from and within the Orient as suggested in the communication mentioned above.

APPENDIX 2

Preference given to the Mogul Line in Haj Traffic

Telegram dated 8th November 1939 from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

Committee Indian Merchants Chamber deeply pained to note the very limited quota given for Haj Traffic to the Indian National Shipping Company namely the Scindia. The Scindia has been trying its best for sometime past to cater

to the Haj Traffic and has given entire satisfaction to the Musalman pilgrims. The demands of the Scindia for a fifty fifty share were fair and reasonable and Committee thought Government would accept them. Unfortunately Government have given arbitrarily only twenty-five per cent of the Haj Traffic which is not reasonable even under the present war conditions. Committee beg strongly to protest against the fixation of this quota and urge that the Scindia as an Indian national concern should be given its fair, equitable and just quota.

APPENDIX 3

Controller of Shipping for India

Telegram dated 25th October 1939 from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

With reference to the appointment of Sir George Campbell by the Government of India as Controller of Shipping for India Committee Indian Merchants Chamber strongly urge that an Indian gentleman holding high position in shipping and conversant with Indian shipping should be associated with him on an equal footing in his functions and duties as Controller of Indian shipping. Unless there is such an association of an Indian expert there is every likelihood of an apprehension that interests of Indian shipping will not be properly looked after. Committee hope that their request will be granted.

APPENDIX 4

Deratisation of Country Crafts

Letter No. 731 dated 16th March 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, New Delhi.

The attention of my Committee has been drawn to the Notification No. F, 9-1|37-G dated 23rd July 1938 issued by

your Department providing for the issue of a deratisation certificate or a deratisation exemption certificate for coasting vessels, ferry steamers and country crafts etc. My Committee have also seen the graded scale of fees chargeable for the purpose of the rules in question.

My Committee are aware that the steps in question were taken by the Government of India in conformity with the requirements of the International Sanitary Convention. They, therefore, do not wish to suggest that the provisions in question should be discontinued. In order, however, that small owners of country crafts may not feel the burden consequent upon the requirements in regard to deratisation certificate or fumigation, my Committee wish to suggest that the Government of India will be pleased to reduce, as far as possible, the fees prescribed for such certificates and for the process of fumigation. They are asking this concession particularly for country crafts.

My Committee hope that Government will be pleased to consider this suggestion and reduce the charges in question at an early date.

Letter No. F. 8-15|39-G dated 20th June 1939 from Under-Secretary, Government of India, Department of Education, Health and Lands to Chamber.

I am directed to acknowledge the receipt of your letter No. 731, dated the 16th March 1939, and to say that the bulk of the fees is levied on account of fumigation and that the Government of India are under a contract with a private firm and do not make any profit out of the fees. The fees for fumigation are not, therefore, susceptible of any reduction for the time being. The Government of India, however, propose to consider the possibility of reduction when the question of renewing the contract with the private firm arises. The present contract will be in force till 23rd April, 1940.

APPENDIX 5

Freight on Empty Drums at Malabar Ports

Letter No. 1177 *dated* 13*th May* 1939 *from Chamber to Steam Navigation Companies.*

My Committee have received a letter from the Bombay Oil Merchants' Association, complaining about the high scale of freight charges for empty drums. The Association points out that empty drums are charged at 6 pies per gallon (capacity) and on this basis the freight per ton amounts to Rs. 7|8 as against the freight on coconut oil at Rs. 11|4 per ton. It is, therefore, urged that the incidence of freight on empty drums is very high and stands in the way of cheap transport of containers and of oil from the Malabar coast. My Committee would like to know if your company and other members of the Conference Lines have considered this question and if so whether it would not be possible to reduce the freight charges for empty drums.

*Letter No. C*779 *dated* 30*th May* 1939 *from British India Steam Navigation Company Limited to Chamber.*

With reference to your letter of 13th instant, addressed to the members of the Conference Lines suggesting that a reduction in the rate of freight on empty drums might be made, the Conference Lines have carefully considered your suggestion. We would point out that although drums whether empty or full occupy the same space in a steamer, in compiling the schedule of rates an allowance has been made for the lower value of empty drums. The Conference Lines therefore regret they cannot see their way to reduce rate of freight on this kind of cargo.

Letter dated 27*th May* 1939 *from Messrs. Scindia Steam Navigation Company to Chamber.*

With reference to your letter of 13th instant, addressed to the members of the Conference Lines suggesting that a reduction in the rate of freight on empty drums might be made, the Conference Lines have carefully considered your

suggestion. We would point out that although drums whether empty or full occupy the same space in a steamer, in compiling the schedule of rates an allowance has been made for the lower value of empty drums. The Conference Lines therefore regret they cannot see their way to reduce rates of freight on this kind of cargo.

APPENDIX 6

Bombay Minor Ports Committee Report

Letter No. 6540-G|33 dated 27th April 1939, from Secretary, Government of Bombay, Revenue Department to Chamber.

I have the honour to invite your attention to the Bombay Minor Ports Committee Report forwarded to you by the Collector of Salt Revenue, Bombay, and to request you to favour Government with the views of your Chamber on the recommendations made in the report.

Letter No. 2276 dated 26th August 1939 from Chamber to Secretary, Government of Bombay, Revenue Department.

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 6540-G|33 dated the 27th April 1939 and in reply to send to you hereby their views on the Bombay Minor Ports Committee Report, as under :

My Committee protested against the constitution of the Minor Ports Committee when they were formed and urged that the Committee should have representatives of Chambers of Commerce on them. Unfortunately, this was not done and a place was found for a representative of this Chamber by co-option only. Even then a representative from this Chamber was not considered as a full-fledged member of the Committee and he was invited to attend only when the Committee had finally prepared their report and the representatives of this Chamber and the Bombay Chamber of Commerce were not allowed to discuss and consider the report with the other

members of the Committee. All that they were asked to do was merely to send their suggestions. This want of contact between the representatives of commercial bodies and the Committee naturally led to a report which is suffering from several drawbacks and cannot be considered at all satisfactory.

The appointment of this Committee was the result of the resolution passed in 1935 on the subject by the Ratnagiri District Co-operative Conference and the fundamental point stressed in the resolution was that " transport by water is cheaper than transport by land " and consequently such cheaper form of transport plays an important part in the economic life of the people. It was, therefore, natural to expect that the Committee would consider fully in their report the possibilities of the removal and prevention of siltation, the maintenance of the navigable approaches to these ports and the retention of the economic nature of the water transport in this area in spite of the growing competition of the rail and the road. They have not made any useful suggestions with regard to minor ports. The only constructive suggestion that they have made is about the development of the port of Dholera by connecting it with Ahmedabad by road or connecting it with Dhandhuka by a branch railway line. They have, however, not given any data in the report as to how even after these developments the movement of trade by water through that port will conduce to real economy.

There is one broad aspect affecting the prosperity of this city to which my Committee would like to invite your particular attention in considering the policy and proposals for the development of small ports on the coast. As you are aware, Bombay has sunk crores of rupees in the development of its port and harbour for providing much needed facilities and amenities for trade, commerce and passenger traffic. Any attempt which results, therefore, in the serious diversion of trade from Bombay to other ports is likely to seriously affect the economic structure of the city and possibly the hinterland that lies behind it. My Committee have always, therefore, contended that the development of small ports, where it is necessary, should proceed on such lines as will not divert the

trade from this city but will, on the contrary, supplement it or feed it.

As the Minor Ports Committee have not given the proper data and materials in their report on which a sound policy for the development of minor ports can be usefully based and as they failed to consider the effect of such a development on the general economic structure and prosperity of this city and larger ports in which crores of rupees have been sunk, my Committee are of the opinion that not only is the report of the Minor Ports Committee not satisfactory but they strongly feel that the Government will be well advised not to take any steps on it.

APPENDIX 7

Demurrage on Coal Wagons at Manganese Depot

Copy of Letter dated 24th October 1939 from Bombay Port Trust Railway, to Chamber.

Whereas the state of the Coal Traffic to Manganese Depot (Tank Bunder Siding) makes it necessary to curtail the free time allowed under para 103 (*m*). In accordance with para 103 (*x*) I hereby give notice that with immediate effect for purposes of demurrage the free time for unloading coal wagons is reduced from 9 working hours to 4½ working hours.

Letter No. 2916 dated 4th November 1939 from Chamber to Secretary, Bombay Port Trust.

The attention of my Committee has been drawn to a Notice issued by the Manager, Bombay Port Trust Railway, announcing that the free time allowed for unloading coal wagons is reduced from 9 working hours to 4½ working hours, and that any extra time taken beyond that period would be liable to demurrage charges. The state of coal traffic at the sidings at the present moment is said to be the reason for such a curtailment of the hours.

Due to war conditions, sea freight is not available for the coal traffic, and hence most of the coal is at present arriving in Bombay by rail. This has led to a heavy increase in the rail-borne coal traffic, and the general feeling amongst merchants interested in the coal trade is that, instead of curtailing the time, the case for increasing the facilities for handling such a traffic exists. Difficulty is also being experienced at present in securing adequate supply of labour for handling the unloading of wagons. In such circumstances, if the time allowed for purposes of unloading is to be reduced, considerable difficulty will be experienced in handling the traffic and merchants will be put to an avoidable increased expenditure.

My Committee, therefore, request that the Board of Trustees will be pleased to consider the matter and to rescind the order curtailing the free time for purposes of unloading coal wagons.

APPENDIX 8

Remission of Dock Extra Fees incurred on Imports due to War Conditions

Letter No. 3159 *dated* 5*th December* 1939 *from Chamber to Secretary, Bombay Port Trust.*

The attention of my Committee has been drawn to the difficulties experienced by merchants in the matter of effecting clearance of goods from the Port Trust Docks on account of the delay in receiving documents covering such consignments. As you are aware, the delay in question is caused by the delay in the receipt of foreign mails because of the disorganisation in the sea-borne Postal Service and also because of the delay that happens in the procedure in regard to censorship. On such occasions, it will be appreciated that if merchants are not able to clear their goods within the time prescribed by the rules in question, it is due to circumstances beyond their control.

In this connection, the Bombay Glassware Merchants Association have forwarded to my Committee a copy of their letter dated 15th November, addressed to the Manager, Port Trust Docks, in regard to extra charges their members had to pay in respect of specific consignments. My Committee feel that the occasion calls for some consideration on the part of the Port Trust authorities, and they suggest that in cases where proofs are furnished by the consignee by a certificate of the banks through which the documents are negotiated to the effect that the delay in clearing was caused by the delay in the receipt of the documents, Port Trust authorities should arrange to refund the extra wharfage charges that may have been paid. In prescribing the free days for the purpose, the Port Trust authorities had in mind normal times, and it is reasonable to expect that on occasions of such emergencies a modification of the rules in question in favour of the consignee is called for. My Committee hope that the Board will be pleased to consider the above suggestions and to issue necessary instructions for amending the Dock Wharfage rules accordingly.

Letter No. 3817 dated 6th December 1939 from Secretary, Bombay Port Trust to Chamber.

With reference to your letter No. 3159, dated 5th December 1939, regarding the Port Trust charges incurred on imported goods by reason of delay in the receipt of shipping documents due to war conditions, I am directed to say that the Trustees have decided that in all such cases one-third single extra fees only should be recovered from expiry of the free days until the fifth working day after the date of receipt of shipping documents. I am to add that this concession has also been granted in the case of extra fees incurred through detention of documents by the Controller of Enemy Firms.

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APPENDIX 9

Facilities in Customs Examination Sheds

Letter No. 2277 dated 26th August 1939 from Chamber to Collector of Customs, Bombay.

The Committee of this Chamber have received a communication from the Bombay Custom House Clearing Agents Association drawing their attention to the difficulties experienced by the Clearing Agents and merchants as a result of the new system of examinations in the Customs Examination sheds. My Committee are informed that the examination enclosure is not large enough and only about 75 packages can be brought in at a time. As there is only one carpenter provided by the Port Trust, it takes about 1½ hours to open all the cases, and as the examination starts only after all the packages are opened, it actually means that 1½ hours are wasted to begin with. The examination, inspection and repacking takes about 2½ hours. It will thus be seen that one round of examination involving 75 packages, i.e., about 25 Bills of Entries takes up a period of 4 hours.

Then again all these examinations take place in the examination shed on the first floor of the building, causing considerable inconvenience and avoidable expenditure to merchants in arranging for the carriage to and fro of the packages from the various sheds to the Examination shed. Under the circumstances, my Committee consider that a change is necessary in the method and procedure of examination and suggest that facilities should be offered by the Customs authorities for packages to be examined in each shed. If such a system is allowed the appraisers would move about from shed to shed and importers would not then have to incur the expenses of transferring the packages as detailed above.

Letter No. C1115|39 dated 30th September 1939 from Collector of Customs, Bombay to Chamber.

I have the honour to refer to your letter No. 2277, dated 26th August 1939, on the above subject and to enclose for the

information of your Chamber a copy of this office letter C. No. 800|39, dated 8th September 1939, to the Honorary Secretary, the Bombay Custom House Clearing Agents' Association, Bombay.

2. It has been found after personal inspection that the new system of examination is a decided improvement on the old system in all respects. The question of increasing the number of examination centres is under consideration but an improvement in this direction may not be necessary or possible in the near future in view of the reduced imports and disturbed conditions on account of the War.

Letter No. 800|39 dated 8th September 1939 from P. N. Chandavarkar, Collector of Customs, Bombay to Hon. Secretary, The Bombay Custom Clearing House, Bombay.

I have the honour to refer to your letter Ref. ESQ-39, dated 29th June 1939, on the above subject and to offer the following remarks with reference to the various observations contained in the Report of your sub-committee forwarded therewith.

2. My enquiries show that the statements contained in para 1 of the Report are incorrect. The examination enclosures are sufficiently large to accommodate 300 to 500 packages at a time and in times of rush, two carpenters are posted by the Port Trust to attend to the opening of packages and each of them opens on an average about 100 packages per hour. The actual examination starts as soon as a sufficient number of packages are opened by the carpenters and is not in fact held up till all the packages have been opened. From records maintained the average number of packages examined and weighed on busy days within an enclosure has been found to range between 300 and 350 excluding packages inspected. Your contention regarding the alleged delay experienced on this account in the working of the procedure and your request for a return to the old procedure because of this alleged delay cannot therefore be accepted.

3. All Bills of Entry presented to the Appraisers are dealt with in turns except in exceptional cases of urgency where certain Bills of Entry are given priority over others only under the orders of the Principal Appraiser concerned. Your suggestion that Bills of Entry for examination should be given priority over Bills of Entry for completion cannot also be accepted. As a rule Bills of Entry are dealt with by Appraisers on the day they are presented to them and only such Bills of Entry in respect of which further enquiries in the market are necessary are kept for the next day.

4. The arrangements in force as explained in para 2 above, are adequate to deal with the work of examination of packages without involving the public any extra fees. The demurrages at present incurred are due, very often, to extraneous circumstances such as non-receipt of proper documents or absence of full information, etc., and this Department cannot be blamed in the matter. When it is obvious that the cargo of one ship due to be examined at a particular centre is causing serious congestion on account of the quantity thereof arrangements are made whenever possible for the examination of some of this cargo to be carried out at an adjacent examination centre. Further the question of opening additional examination centres is already under consideration.

5. Every endeavour is made by the shed staff to complete the Bills of Entry presented to them during the day and the unfinished portion, if any, is taken first in hand, the next morning. I cannot, I regret, make it a rule that Bills of Entry for examination presented before 4 p.m. on any day must be completed on that day.

6. The existing orders governing the issue of detention certificates have been passed in collaboration with the Port Trust and provide adequately for any contingency *vide* the reply you have received on this subject from the Manager, Bombay Port Trust Docks in his letter to you No. C|19-1|2207, dated 28th July 1939, a copy of which you have forwarded to me under cover of your letter, reference ESA 39 of 29th June 1939, dated 12th August 1939.

7. Finally I have very carefully examined the merits of both the old system of examination and the present one and I am quite satisfied that the new system is a decided improvement over the old one in all respects. I regret, I cannot therefore consider any general proposition for a change back to the old system. I am, however, always ready to cause an investigation to be made into complaints of delay in individual and specific cases should any such arise.

APPENDIX 10

Dock Charges on Cutlery Articles

Letter No. 1571 *dated* 22*nd June* 1939 *from Chamber to Representatives of the Chamber on Port Trust.*

The Bombay Cutlery, Toys, Glass Beads and Sundry Merchants Association has drawn the attention of my Committee to the heavy increase in the incidence of Dock charges on some of the cutlery articles and toys consequent upon the change in the basis of charge from per package rates to weighment basis. I am sending to you herewith a copy of the communication addressed by the said Association to the Chairman of the Bombay Port Trust. From a reply received by the Association from the Port Trust Office, it would appear that the Docks Department are examining the matter and are collecting the necessary data to enable a comparison to be made of the incidence of the wharfage charges on the old and new basis.

I am, therefore, directed by the Committee to request you to kindly look into the matter and to see if any relief by way of reduction in charges for the articles in question can be allowed by the Port Trust.

APPENDIX 11

Handling of Cases of Bottles in the Docks

Letter No. 3126 *dated* 30*th November* 1939 *from Chamber to Secretary, Bombay Port Trust.*

The Bombay Bottle Merchants' Association have drawn the attention of my Committee to a case of heavy breakage

in consignments of goods landed in the Port on 30th ultimo by s.s. "Alaska Maru". The cargo, it appears, were discharged in Godown No. 7, Alexandra Docks, and through want of careful handling considerable damage was caused. The Association also observe that such instances have occurred often in the past.

In this connection, it has been suggested that fragile articles and consignments which are delicate should invariably be discharged in the godowns on the ground floor and that servants handling the same may be instructed to exercise care. My Committee request that you will be good enough to examine the suggestion and take such action as may be deemed necessary or possible with a view to obviating chances of such complaints.

APPENDIX 12

Interview with the Chief Commissioner and Financial Commissioner of Railways

RECORD OF PROCEEDINGS

A special meeting of the Committee was held on Wednesday, 19th July 1939 at 12 noon to meet Sir Guthrie Russell, Chief Commissioner for Railways and Mr. T. S. Shankara Iyer, Financial Commissioner for Railways.

The President made the following speech :

Sir Guthrie Russell and Mr. Shankara Iyer,

We have great pleasure in welcoming you in our midst today. Our pleasure is all the greater on this occasion for being in a position to welcome you in a home of our own. The interviews with the Railway Commissioners have often in the past led to tangible results, and we hope that as a result of the discussion today, some of the questions that we are raising will be satisfactorily solved.

RAILWAY FREIGHT ON COTTON

It is true that we had discussed this matter at great length last year and that the railway authorities had categorically

informed us that no reduction in the freight rates was possible. Our only excuse in raising the issue again, is the great importance we attach to this question. The depression in the price of cotton is no longer a temporary feature. Prices still continue to be low and, added to this, there is the further factor, viz., the effect of the proposed American subsidy on "exports of cotton." It is feared in circles connected with the cotton trade that the subsidy will lead to an accentuation of the depression in prices. The need for some measure of relief from the State is all the more pressing and we hope that our request that this matter should be re-opened will be considered favourably by the Railway Board and the Railway Administrations.

One of the reasons advanced by the Railway authorities for turning down the case for reduction in the rates for cotton, was that "the manipulation of railway rates to meet price fluctuations would not be a sound policy." Such an argument may be plausible in cases where fluctuations or changes in prices are of a temporary nature; but in the case of cotton, the lower prices have been in existence for a pretty long period, and the indication is that they will remain at that level and even go down still further, if not for all time, at least for a fairly long period. That being the case, it is not a question of making changes to meet fluctuations, but adjusting the rates to the altered circumstances as otherwise the incidence of feright will be much heavier. We are glad to note that the above views of my Commitee are shared by no less a body than the Railway Rates Advisory Committee. In their findings on the Enquiry into the rates for Dry Skins, the Advisory Committee make the following significant observations:

> "The seventh ground is that fluctuations in commodity value cannot be admitted as evidence of unreasonableness of an existing rate or as justification for reducing it. We agree that temporary fluctuations in prices cannot be urged as a ground for a reduction in rates, but when depression continues for a long period, as in this case, it is, in our opinion, in the interest of both the trader and the railways as also in the interest of the public that railways,

wherever they can do so, should so adjust their rates as to enable the traffic to move without hindrance."

My Committee hope that the above authoritative expression of opinion will have the desired effect on the Railway Administrations and that the necessity for adjustment in rates in the light of continued fall in prices will be recognised.

Railway Freight on Coal

The freight rates for coal have seen frequent changes, during the last 25 years, and excepting on one or two occasions the changes had always been to increase the then existing rate. The last reduction was in 1929 and immediately after that, in the end of 1931 a surcharge of 15 per cent on coal freight was introduced. After much public agitation, the surcharge was reduced in 1936 by 2½%. The net result of all these changes has been that the freights are now substantially higher than what they were before the War, although the movement of prices of coal has been in the reverse direction. The freight for coal from, say, Jherriah and Raniganj to Bombay was Rs. 10-12 per ton in 1913, while it is now Rs. 12-6 per ton exclusive of the surcharge. As against this, present prices of coal are about 30% lower than the pre-war prices. My Committee feel that the time has come when the Railway Board should review the whole question of the rates for coal. At all events, they feel that a start should be made by abolishing the surcharge altogether. My Committee are aware that recently the possibility of such a reduction during the slack season was under discussion by the railway authorities. Such a partial treatment of the question, designed perhaps from the point of view of meeting the difficulties experienced by the Railways in making arrangements for transport, is not going to give any relief for the trade. Moreover, there are inherent practical difficulties in such a seasonal reduction being availed of to any extent by the users of coal. These difficulties were placed before the Railway Administrations, and my Committee need not refer to them here. Bombay Presidency is an industrial province and is, there-

fore, keenly interested in getting regular supplies of coal with the minimum of transport cost. When the question of the efforts to accelerate the pace of industrialisation in the country is on the tapis, it is but meet that the railways should take note of the prevailing feeling and assist in the process of that industrialisation by cheapening the transport of coal. My Committee hope that this matter will receive the early attention of the Railway Board.

Railway Siding, and Right to Change Terms and Conditions — B. B. & C. I. Railway

The attention of my Committee has been drawn to a provision in the agreements existing between the railways and parties who are provided with siding facilities, whereby the railway has a legal right to consider the existing agreements as revoked under certain circumstances such as the property changing hands or any change occurring in the constitution of the firm with whom the agreement is entered into. My Commitee have also come to know of an instance where this right has been arbitrarily used by the B. B. and C. I. Railway, to the prejudice of the party who had taken up the siding facility. In this specific case, although the company in question were paying less than Rs. 30 per annum for the siding, recently they were obliged to enter into a new agreement whereby they were called upon to pay as much as Rs. 861 per annum, or a charge 30 times the old scale. The occasion for a revision in the terms of the agreement is said to be a change in the constitution of the company in question. While they realise that technically under the terms of the old agreement the railway had the power to insist on a new agreement or to vary the terms thereof, equity and fair-play demand that such changes are not made in a vexatious or arbitrary manner. The Railway Administrations should not merely be guided by their legal right or obligation, but also see that the treatment meted out to the constituents is equitable and fair. Provision of adequate facilities for a siding, while it will help the trade and industries, will go to help largely the Railways by increasing their traffic.

Payment of Insurance Premia from the Railway Provident Funds

In the case of servants of Local Boards, Municipalities, Joint Stock Companies, etc., the rules in regard to Provident Funds for the employees allow payment of Insurance Premia on account of the members of the staff concerned to be made from the accretions to the Provident Fund Account of the insured employees. My Committee understand that such a facility is not allowed in respect of Railway Provident Funds and that in the case of railway servants the rules do not permit of such payments. Both Provident Funds and Life Insurance are intended to serve the purpose of a provision for the future and the families of the employees. Life insurance has the additional advantage that it also covers the element of risk. This identity of interests in the objects underlying the schemes for Provident Funds and the system of Life insurance is a factor which should be deemed sufficient to justify such facility being allowed in the case of employees contributing to a railway provident fund. Incidentally, it may also be mentioned that such a provision will aid in the development of the insurance habit in the country. Employees with smaller salaries may not be able to spare from their income payments by way of insurance premia, over and above the contributions they have to make to the provident funds. In such cases the provision of the facility is a real necessity, as, by doing so, the employees will not only be helped to save for the future, but also to cover the ordinary elements of risk. My Committee hope that there will be no serious difficulty in the Railways agreeing to this relaxation in the rules in question.

Railway Rates in Relation to Trdade and Industry

This aspect of the railway rating problem has been discussed by my Committee with you in the past and with the various Railway Administrations on several occasions. They have thought it necessary to raise this question again, today, because of the fact that concerted efforts are being made by leaders of thought in the country to devise ways and means of improving the general economic conditions obtaining in

the country, and to formulate a policy of active industrialisation within the land, a policy which, it may be noted, will go to greatly help the Railways. The present system of rating was based at a time and in conditions when India was predominantly an agricultural country, mainly exporting her raw materials and depending mostly on foreign imports for her requirements of finished products. Conditions, fortunately, have slowly changed and a new era of planned economy, whereby the natural resources of the country are to be exploited to the maximum advantage of the sons of the soil, is being heralded. In such a planning, the Railways, no doubt, play an important part. In a country of vast distances like India, quick and easy transport facilities are a *sine qua non* of industrial and commercial advancement and my Committee hope that in the work that is being undertaken, the Railways would fill in their part of the picture. The assistance of the railways can be given in diverse ways. Railway stores and requirements may be manufactured within the country; either the railways themselves can undertake this work or promote and assist such work being undertaken by private individuals. Carriages and wagons may be built in the country. But the most important direction in which such assistance can be effective is in the matter of a rate policy which will induce, promote and develop the maximum industrialisation and the maximum of internal trade within the country. Perhaps, this aspect of the question will have to be discussed in greater detail in coming years. We are only mentioning it today to indicate the part of the Railways in the programme of planning.

Bombay-Sind Railway

It appears that this question is now again under consideration and discussion. After elaborate investigations and extensive discussions, it was understood that in 1934 the Railway Board came to the conclusion that the project of connecting Sind with Bombay by a direct railway route would involve a heavy financial outlay and that the return from the same would not be commensurate. It was also understood that the Railway Board had more or less given up the idea. My

Committee would like to know whether anything has happened after 1934, which pointed to the necessity of the matter being reopened and the possibility of such a railway being reconsidered. They hope that the Railway Board would give this Chamber and other commercial bodies in Bombay opportunities to examine and express their views on any scheme that may be under consideration or may be evolved hereafter.

Canvassing of Passengers by Motor Touts within Railway Premises

The attention of my Committee has been drawn to the fact that recently the Indian Railway Conference Association considered the question of excluding and removing from railway station platforms or railway premises persons not being bona fide passengers and particularly persons who enter there for canvassing for passengers for any vehicles plying for hire. My Committee would like to know if this matter has come up for consideration before the Railway Board and, if so, whether the Board has come to any decision on the same. The proposed prohibition is a matter in which the travelling public is also interested, and my Committee feel that, before taking final decisions in the matter and before authorising any changes in the rules under the Railway Act, the Railway Board should consult commercial opinion and give an opportunity to Chambers of Commerce and other Associations to submit their considered views on the proposal. My Committee would like to know how the matter stands at the moment and whether it is intended to invite commercial opinion on the proposal.

The Railway Commissioners in their reply observed :

1. Railway Freight on Cotton

The Chief Commissioner pointed out that in the correspondence with the East India Cotton Association and the Chamber in 1937, the difficulties in the way of the railways agreeing to any reduction in the freight rates on cotton had been fully explained. The chief difficulty was the loss of revenue. The demand of the trade for 50% reduction in

freight, if agreed to, would mean a loss in revenue to the extent of one crore and sixty lakhs, whereas the surplus expected for 1938|39 was only Rs. 137 lakhs. Such a loss would seriously upset the budgetary position of the railways. He realised that the continued slump in prices of cotton and the possible effect of the American subsidy were matters which demanded serious attention. He, however, noted that the unanimous feeling of the Committee was that the railway freight stood in need of immediate reduction and promised to place this view before the Central Government.

2. Railway Freight on Coal

He pointed out that in the past when the coal rates had been reduced the reduction had not meant any increase in traffic. The proposal for the removal of the surcharge would mean a loss of revenue to the extent of 75 lakhs. The views of the Chamber regarding the removal of the surcharge had been noted and would be given due consideration.

3. Railway Siding and Right to Change Terms and Conditions

Ordinarily the charges for sidings were fixed just to meet the interest charges on the capital expenditure involved, depreciation and maintenance. Generally the railways made no profit on the charges levied for sidings. He, however, promised to enquire of the B. B. & C. I. Railway in regard to the particular instance to which reference had been made by the Committee.

4. Payment of Insurance Premia from the Railway Provident Funds

He informed the Committee that a scheme was under consideration, in the first instance, to allow this facility so far as the Postal Insurance Scheme was concerned. For the time being, it was not intended to allow this facility in respect of insurance with private companies.

5. Railway Rates in Relation to Trade and Industry

He assured the Committee that the railways were always trying their best to help the promotion of trade and industries

in the country by reduction in railway freights by quoting special rates, etc., when necessary. This policy was followed specially since 1915. He agreed that industrial development in the country meant also increased traffic to the railways and therefore even from the point of view of self-interest the railways were bound to take a sympathetic attitude towards encouragement of industries. Any application for facilities or assistance in regard to development of new industries would always be carefully gone into by the Railway administrations. He further pointed out that in the matter of stores purchase the railways were, wherever possible and available, purchasing stores of Indian origin and that for the last 15 years at least carriages and wagons required for the railways were being built in the country. He also informed the Committee of the recent decision to place two officers on Special Duty to examine the possibility of manufacturing locomotives within the country. The railways welcomed the process of industrialisation in the country and would always be ready to do whatever was possible to assist that process.

6. Bombay-Sind Railway

The Karachi commercial interests were pressing the Railway Board for having this matter reconsidered. He noted that in Bombay the proposal did not find favour as the return on the heavy capital outlay involved would not be remunerative and as the provision of such a direct link would further divert the trade of the port of Bombay. The Railway Board had not come to a final decision on the matter, but his own opinion was that the line will not be made a paying proposition. The commercial interests in Bombay would be consulted before any action was taken to start construction.

7. Canvassing of Passengers by Motor Touts within Railway Premises

He said that this was the first time he had heard of this suggestion. From the point of view of the railways the prohibition of such touts might, however, be considered essential. The proposal was being discussed by the Indian Railway Conference Association and the Railway Board had

not yet considered the matter. Before taking any definite steps, however, the Indian Merchants Chamber, Bombay, would be given an opportunity of expressing their views on the question.

APPENDIX 13

Constitution of the Railway Local Advisory Committee

Letter No. 1981 *dated 27th July* 1939 *from Chamber to Secretary, Railway Board, Simla.*

The Constitution and Rules of Procedure of the Local Advisory Committees of both the G. I. P. and the B. B. & C. I. Railways provide that the Agent of the Railway concerned shall ordinarily preside over the meetings of the respective Committees and that if and when the Agent is unable to so preside in person, the Chair will be taken by a representative of the Railway to be specially nominated by the Agent for the purpose. Thus in the absence of the Agent, a Junior Official of the Railway may be appointed to preside over the deliberations of the Advisory Committees. My Committee consider the position to be unsatisfactory. In the case of all Statutory Committees and other bodies, on occasions when the Official President is not able to preside, the right of electing a *pro tem* President for particular meetings is vested in the Body itself.

The Local Advisory Committees of the Railways include representatives of public bodies and public men of good standing. My Committee see no reason why the body should be constitutionally precluded from electing its President or Chairman from among the members.

My Committee, therefore, suggest that the rule in question should be amended so as to leave freedom to the Advisory Committee to elect its own Chairman on occasions when the Statutory Chairman, viz., the Agent or the General Manager, is unable to be present. It is hoped that the Railway Board will have no objection to accepting the above suggestion.

Letter No. 1078-T.T. dated 14th August 1939 from Secretary, Railway Board, New Delhi to Chamber.

With reference to your letter No. 1981, dated the 27th July, 1939, I am directed to state that the Committees to which you refer are, as their names suggest, "advisory" committees and, as such, it is considered desirable that their deliberations should be presided over by a senior officer of the railway concerned. In this connection, I am to explain that, in the absence of the General Manager, the chair is taken by the Head of a Department under instructions from the General Manager, and the possibility of a junior official being appointed as chairman does not arise.

I am to state that the Railway Board regret they are unable to agree to the alteration of the rules as suggested by the Chamber.

APPENDIX 14

Manufacture of Railway Stores

Letter No. 2212 dated 22nd August 1939 from Chamber to Secretary, Railway Board.

It has always been one of the insistent demands of the commercial and industrial community in this country that stores for use by the railways should be manufactured, as far as possible, in this country. The railways, having been established in this country since more than half a century, are the biggest investment of the people of the land. It is, therefore, a matter of great regret that even now the railways should have to depend upon foreign countries for the supply of their necessary stores, not to speak of the locomotives, etc. My Committee recognise that recently railways have been getting their requirements of wagons, to a large extent, from this country and that at least in one of the railway workshops locomotives are being manufactured, though on a small scale. It is highly desirable that the manufacture of railway stores should be undertaken at all the railway workshops. If the

railways had, by a wise, generous and far-sighted policy, encouraged local manufacture, India would have been studded with such industries and it would have been reflected in an increased prosperity of the country. Unfortunately, neither was local private manufacture encouraged, nor were steps taken to utilise the railway workshops for the manufacture of such stores, with the result that the railways have to depend upon foreign sources for even their necessary supplies. The whole world is face to face with a serious crisis and one does not know when India may have to depend upon her resources.

In view of all these, my Committee earnestly appeal to the Government of India to be pleased to take all possible steps to investigate the possibility of manufacturing in this country such of the railway stores as are supplied from imported sources.

Letter No. 39|508|4|S *dated* 21*st September* 1939 *from the Secretary, Railway Board to Chamber.*

During the past decade the Railway Board and railways have actively followed and implemented the declared policy of the Government of India, by making purchases of railway stores in such a way as to encourage the development of the industries of the country to the utmost possible extent.

The success which has attended the efforts of the Railway Board and railways in this connection has been, and continues to be, considerable as demonstrated in the following paragraphs.

2. The requirements of railways for rails and fishplates ; cast-iron, steel and wooden sleepers ; and I. R. S. coaching underframes and wagons, etc., are now met by manufacture in India.

3. The following are concrete instances of the action taken by the Railway Board during recent years to help and encourage the existing industries and to foster new ones :—

(*a*) All orders for major bridge work including large bridges such as the Ava (Burma Rly.), Willing-

don (E. I. R.), Broach (B. B. & C. I. R.), Chambal and Sindh (G. I. P. R.) and Meghna (A. B. R.) have been placed for construction in India by Indian firms.

(*b*) All metallic vacuum brake material used on coaching and goods stock is now wholly manufactured in India.

(*c*) The manufacture in India of permanent-way fittings, track tools, etc., and the development of the re-rolling industry has been increased enormously.

(*d*) A factory has been opened in Calcutta and is now manufacturing all classes of vacuum brake and other railway rubber fittings which hitherto were wholly imported.

(*e*) A factory for the manufacture of malleable iron fittings has been opened in India and is now producing a portion of railways' requirements of malleable castings.

(*f*) The manufacture of points and crossings and signal material has been discontinued in some railway workshops and restricted in others to mere repair operations, and orders for all new work are placed in the market for manufacture and supply in India.

(*g*) The increased purchase by railways of steel castings made in India has led to a recent increase in the number of steel foundries operating in this country.

4. The extent to which the Railway Board have encouraged local manufacture of railway stores can further be gauged from the fact that in 1928-29 the State-managed Railways obtained 42.19% of their total stores requirements (by value) from indigenous sources. By 1938-39 this figure had risen to 63.46%. This speaks for itself and disproves the remark made in the penultimate sentence of para. 1 of your letter under reply.

5. The principal items of railway stores which are still imported in considerable quantities are :

Workshop machinery and Equipment,

Locomotives and boilers,

Wheels and axles for carriages and Wagons,

Non-ferrous virgin metals,

Electric plant and machinery, and

Train Lighting Equipment.

Regarding the above items, I am to say

(*a*) that the practicability of producing certain class of workshop plant and machinery in India, is now under investigation by the Railway Board.

(*b*) The Board have also under reconsideration the subject of constructing Broad Gauge locomotives and boilers in one of the existing Indian Railway repair workshops, suitably extended and equipped with the necessary additional plant and machinery. Two officers are being placed on special duty to prepare an estimate of the expenditure involved and report of the scheme.

(*c*) The Tata Iron and Steel Co. are considering the possibility of undertaking the manufacture of wheels and axles for carriages and wagons in India. To assist the Company in this investigation the Railway Board have supplied them with certain statistical information regarding past purchases by railways of these items.

6. With regard to the manufacture of railway stores and material in railway workshops, the policy in this matter has been to restrict manufacture to those fittings and components which are not made by outside firms and are essential for the speedy carrying out of repairs and maintenance to railway locomotives, rolling stock, track, plant and equipment. The reason for this is that Government do not desire to increase competition with private enterprise by manufacture in railway workshops.

7. I am to assure you that the Railway Board are constantly doing everything possible to increase the present production of railway materials in India and to encourage and support new industries for the manufacture of items still imported, and this is evidenced by the facts and figures given in the foregoing paras.

Letter No. 2625 *dated* 4*th October* 1939 *from Chamber to Railway Board.*

I am directed to acknowledge the receipt of your letter of the 21st September 1939, No. 39|508|4|S.

You write in para 4 thereof, that the extent to which the Railway Board encouraged local manufacture of railway stores can further be gauged from the fact that in 1928-29 the State-managed railways obtained 42.19 per cent of the total requirements of their stores (by value) from indigenous sources, and that this figure has risen to 63.46 in 1938-39. My Committee will be much obliged if you will be kind enough to enlighten them as to what is exactly meant by "indigenous sources" referred to in the said para: whether it means genuine *bona fide* Indian manufacturers or distributors in India of foreign-made articles.

Letter No. 39|508|4|*S dated* 11*th October* 1939 *from Railway Board to Chamber.*

With reference to your letter No. 2625, dated the 4th October 1939, on the above subject, I am directed to say that by "indigenous sources" is meant the value of articles manufactured in India and|or of indigenous origin. Articles of foreign manufacture imported and sold by agents and distributors in India, are not included in the figures in para 4 of Railway Board's letter dated the 21st September 1939.

APPENDIX 15

Railway Siding at Kharaghoda for Pioneer Magnesia Works

Letter No. 869, *dated* 31*st March* 1939, *from Chamber to General Manager, B. B. and C. I. Railway, Bombay.*

The Pioneer Magnesia Works, Ltd., have forwarded to my Committee copies of correspondence that has passed

between them and your office, ending with their letter of the 16th March 1939, on the question of the charges for the railway siding at Kharaghoda at the Company's works. It appears from the correspondence that for the last 17 years the Company were paying on an average less than Rs. 30|- per annum for the siding facility. Under the terms of the new agreement, however, they are now obliged to pay as much as Rs. 861 per annum or 30 times the old scale of charges.

The occasion for a revision in the terms of the agreement is said to be a change in the constitution of the company in question. While my Committee agree that technically under the terms of the old agreement the railway had the power to insist on a new agreement or to vary the terms thereof under certain circumstances, equity and fair play demand that such changes are not made in a vexatious or arbitrary manner. After all the railways as public carriers have a duty by their constituents and by the public and their monopolistic position should not be taken advantage of in forcing the users to terms and conditions which, to say the least, are onerous.

My Comittee may in this connection refer to the correspondence which they had with your railway in connection with a similar complaint from the Alembic Chemical Works, Ltd., Baroda. Ultimately the railway agreed to drop the proposal to revise the terms for the siding facility for that company and are continuing the siding at the old scale of charges. My Committee submit that on the same basis the old scale of charges should be brought into force for the Pioneer Magnesia Works also. The distinction sought to be made between the two cases on the ground that in the case of the latter on account of the change in the constitution of the firm a new factor had arisen necessitating or authorising a change in conditions is to say the least a distinction without a difference. The Railway should not merely be guided by their legal right or obligation, but also see that the treatment meted out to constituents is equitable and fair. My Committee hope that your Railway will be good enough to reconsider the matter and to restore the old basis of charges for the agreement in question.

Letter No. S. 14|32-C1, dated 17th April 1939, from General Manager, B. B. and C. I. Railway, Bombay to Chamber.

With reference to your letter No. 869, dated the 31st ultimo, I beg to state that the terms and conditions in the case under reference are not peculiar to the Pioneer Magnesia Works, but are applied to all newly constructed sidings. I may also mention for your information that Messrs. The Pioneer Magnesia Works' agreement is already signed and registered.

I regret I am unable to do anything in the matter.

Letter No. 1112, dated 8th May 1939, from Chamber to General Manager, B. B. and C. I. Railway, Bombay.

I am directed to acknowledge receipt of your letter No. S. 14|32 C. 1 dated the 17th April 1939. As far as this particular agreement is concerned, since, as you say, the same has been signed and registered, my Committee do not wish to pursue the matter further.

They cannot, however, help pointing out that apart from this particular agreement, the principle involved merits further consideration at the hands of the Railway administration. After all the agreement had to be renewed because of certain changes in the partnership of the firm constituting the contracting party. This occasion was utilised by the Railway to ask for revised terms for the purpose of continuing the siding facility. My Committee feel that the railway should not in such cases ask for any change in the terms of the agreement. Legally in all other matters when a partnership changes hands or in any other way witnesses any change in its composition, the successors are entitled to all the rights and privileges of the old firm. My Committee are aware that by virtue of a provision in the existing agreements between the railway and parties holding a siding, the railway has the legal right to consider the old agreement as terminated and to ask for fresh terms. This right should not be used to the prejudice of the constituents and as a matter of general procedure, on such occasions, the old terms should *ipso facto* be continued in respect of new agreements for providing siding facilities. My Committee, therefore, request that the

general principle should be considered by your administration and that the necessary changes may be made in the terms of the form of the agreement.

APPENDIX 16

Unit of Weight for purposes of Charges on Railway Parcels

Letter No. 1419, *dated* 10*th June* 1939, *from Chamber to Traffic Managers, B. B. and C. I. Railway and G. I. P. Railway.*

My Committee are informed that in computing the charges for parcels carried over railways, while the minimum chargeable unit is $2\frac{1}{2}$ seers, articles exceeding $2\frac{1}{2}$ seers are charged for a minimum unit of 5 seers or multiples thereof. When the minimum unit was reduced some years back on the representation of commercial interests from 5 seers to $2\frac{1}{2}$ seers the general impression was that the unit would remain so far levying charges on parcels of all weights. The Railway should expect to recover charges only for the actual weight carried ; but if for administrative purposes a unit is to be fixed, it must be so fixed as not to involve an avoidable burden on those who pay for the traffic. My Committee would prefer a scale of charges for the actual weight, but, if as referred to above, for administrative reasons the Railway consider a unit essential, the charges should be recovered on a minimum of $2\frac{1}{2}$ seers or multiples thereof. My Committee hope that your Railway will have no difficulty in accepting the above suggestion as they (my Committee) are merely asking for the charges being confined to the actual weight carried or as near to the actual weight as is practicable.

Letter No. R.G. 105 *of* 1936, *dated* 20*th June* 1939, *from Traffic Manager, G. I. P. Railway, to Chamber.*

The question has been fully considered and it is very much regretted that your request to reduce the unit of weight in respect of charges for parcels from 5 seers to $2\frac{1}{2}$ seers cannot be complied with.

Letter No. R. 158|20-P. III|1, dated 4th July 1939, from Traffic Manager, B. B. and C. I. Railway, to Chamber.

I beg to explain that, prior to 1929, the parcels rates were divided into six units of weight for charge as under :

Not exceeding	2½	seers				...	2½	seers
Exceeding	2½	and upto		5	seers	...	5	,,
,,	5	,,	,,	10	,,	...	10	,,
,,	10	,,	,,	20	,,	...	20	,,
,,	20	,,	,,	30	,,	...	30	,,
,,	30	,,	,,	40	,,	...	40	,,

i.e. the units of weight for charge for parcels weighing under 5 seers were 2½ seers, parcels weighing above 5 and upto 10 seers were charged as for 10 seers and parcels weighing above 10 seers were charged as for multiples of 10 seers.

In 1927, it was represented to the Railway Board by the Indian Merchants' Chamber, Bombay, that the system of charging an extra seer over the units of 10, 20 and 30 seers as for 20, 30 and 40 seers, respectively, constituted a burden on the general public and they proposed that an intermediate stage of 5 seers be introduced so that parcels above 10 seers in weight would be charged as for 15, 20, 25, 30, 35 and 40 seers.

The Railway Board accepted this proposal and, from 1st January 1929, the units of weight for charge for parcels are as under :

Not exceeding	2½	seers				...	2½	seers
Exceeding	2½	and upto		5	seers	...	5	,,
,,	5	,,	,,	10	,,	...	10	,,
,,	10	,,	,,	15	,,	...	15	,,
,,	15	,,	,,	20	,,	...	20	,,
,,	20	,,	,,	25	,,	...	25	,,
,,	25	,,	,,	30	,,	...	30	,,
,,	30	,,	,,	35	,,	...	35	,,
,,	35	,,	,,	40	,,	...	40	,,

The practice of charging parcels exceeding 5 seers in weight on the unit basis of 5 seers is universal on Indian Railways, and I regret it is not proposed to reduce the present unit basis to 2½ seers and its multiples.

Letter No. 448, dated 17th February 1940, from Chamber to Railway Board, New Delhi.

I am directed by my Committee to address you in the matter of minimum chargeable unit of weight in respect of parcels over railways.

In this connection, my Committee would invite reference to their representation in the year 1927 addressed to your Board in response to which the minimum chargeable unit was reduced from 5 seers to 2½ seers with effect from 1st January 1929. It may be pointed out with regard to this change of unit from 5 seers to 2½ seers that the general impression amongst the public was that the minimum unit would be 2½ seers and the unit of weight for computing charges on articles exceeding the minimum unit, i.e., subsequent units would be also 2½ seers and multiples thereof. In practice, however, the railways adopted 2½ seers as the minimum unit, but the subsequent units were charged by them as 5 seers and multiples thereof.

My Committee are of the opinion that the railways should adopt a scale of such charges on the basis of the actual weight. If, however, for administration purposes, a unit is considered essential, the charges should be recovered on a minimum of 2½ seers and the subsequent units being multiples of 2½ seers and not 5 seers as charged at present.

A parallel of what my Committee suggests is found in countries like Great Britain, U. S. A., and Italy where the scale of charges for parcels is based on a minimum unit of weight which is also the unit adopted for subsequent units.

My Committee request that in the interest of trade and the general public, their suggestion in regard to the minimum unit of weight for railway parcels being also taken as the unit for subsequent units, may be seriously considered by the Board and steps may be taken accordingly.

Letter No. 2108-T.C., dated 4th March 1940, from Railway Board to Chamber.

With reference to your letter No. 448, dated the 17th February 1940, I am directed to state that the Railway Board

presume that your previous representation in the matter, to which you draw their attention, refers to your letter No. G. 1435, dated the 15th July 1927, in which your Chamber desired that the unit of charge for goods, parcels and luggage traffic, should be reduced from 10 to 5 seers. I am to say that the present practice on Indian Railways in the matter is in accord with the request made by your Chamber in 1927.

2. I am to add that the Railway Board regret that they are unable to agree to your present proposal to reduce the unit of charge for parcels traffic from 5 seers to $2\frac{1}{2}$ seers, as it will amount to a general reduction in the scale of charges applicable to such traffic.

APPENDIX 17

Railway Freight on Coconuts, Copra, Pepper and Ginger

Letter No. 2191, dated 18th August 1939, from Chamber to Steamship Companies.

My Committee understand that recently steamer freights from Malabar Ports to Karachi have been reduced. Previously the rate of freights from Malabar to that Port was about one and a half times that prevailing for Bombay. After the reduction the above ratio works out approximately at one and a quarter. This has led to a diversion of the trade particularly in commodities like copra, coconut, pepper, ginger, etc., from Malabar Ports to the Punjab, which used to pass through Bombay. A good part of this trade is now transported via Karachi and the reduction in the steamer freight, as above, has been the chief reason which has led to this diversion. I am giving below figures of steamer cum railway freight charges from Malabar to stations in the Punjab both via Bombay and via Karachi in respect of certain commodities viz., copra and black-pepper. In all cases you will see that the all-in transport charges via Karachi are less than those via Bombay. This does not take into account certain essential handling charges at both the ports viz., Bombay or Karachi. These charges are slightly higher in Bombay and if these are also included the disadvantage in transport via Bombay will be greater.

Steamer cum Railway freight charges from Malabar to stations in the Punjab

COPRA PER BENGAL MAUND

	via Bombay									*via Karachi*								
	Steamer freight from Malabar to Bombay			Railway freight from Bombay			Total freight charges			Steamer freight from Malabar to Karachi			Railway freight from Karachi			Total freight charges		
	Rs.	as.	p.	Rs.	as.	p.	Rs.	as.	p.	Rs.	as.	p.	Rs.	as.	p.	Rs.	as.	p.
Amritsar	0	6	7	1	15	9	2	6	4	0	8	1	1	12	5	2	4	6
Lahore	0	6	7	1	15	3	2	5	10	0	8	1	1	11	1	2	3	2
Peshawar	0	6	7	2	9	3	2	15	10	0	8	1	2	1	3	2	9	4
Rawalpindi	0	6	7	2	5	7	2	12	2	0	8	1	2	0	1	2	2	1
Sialkot	0	6	7	2	2	3	2	9	0	0	8	1	1	12	11	2	5	0
BLACK PEPPER PER MAUND																		
Amritsar	0	8	9	2	12	0	3	7	9	0	10	3	2	9	5	3	3	8
Lahore	0	8	9	2	14	2	3	6	11	0	10	3	2	7	8	3	1	11
Peshawar	0	8	9	3	12	11	4	1	8	0	10	3	3	9	10	3	11	1
Rawalpindi	0	8	9	3	7	6	4	0	3	0	10	3	2	15	0	3	9	3
Sialkot	0	8	9	3	2	0	3	10	6	0	10	3	2	10	4	3	4	7

My Committee have received complaints from shippers and merchants in Bombay about the position created on account of the advantage which transport via Karachi involves because of the reduction in freight rate made by the steamer companies. The trade which was in the hands of Bombay merchants has gone elsewhere and as this state of affairs has been brought about by the action of the steamship companies in reducing the freight charges, without at the same time effecting a corresponding reduction for Bombay, the cause for a legitimate grievance exists. My Committee feel that the position should be set right by the steamer companies conceding the same basis of reduction to the charges from Malabar to Bombay. In making this suggestion my Committee are only asking for a fair and equal treatment by the shipping companies to all their constituents.

My Committee hope that the shipping companies representing the Conference Lines will consider the matter and announce at an early date corresponding reductions in the freight charges from Malabar to Bombay.

Letter No. 2190, dated 18th August 1939, from Chamber to B. B. and C. I. Railway.

My Committee understand that recently steamer freights from Malabar Ports to Karachi have been reduced. Previously the rate of freights from Malabar to that port was about one and a half times that prevailing for Bombay. After the reduction the above ratio works out approximately at one and a quarter. This has led to a diversion of the trade particularly in commodities like copra, coconut, pepper, ginger, etc., from Malabar ports to the Punjab, which used to pass through Bombay. A good part of this trade is now transported via Karachi and the reduction in the steamer freight as above has been the chief reason which has led to this diversion. I am giving below figures of steamer cum railway freight charges from Malabar to stations in the Punjab both via Bombay and via Karachi in respect of certain commodities viz., copra and black pepper. In all cases you will see that the all-in transport charges via Karachi are less than those via Bombay. This does not take into account certain essential handling charges at both the ports viz. Bombay or Karachi. These charges are slightly higher in Bombay and if these are also included the disadvantage in transport via Bombay will be greater.

Steamer cum Railway freight charges from Malabar to stations in the Punjab

COPRA PER BENGAL MAUND

	via Bombay							*via Karachi*						
	Steamer freight from Malabar to Bombay			Railway freight from Bombay			Total freight charges	Steamer freight from Malabar to Karachi			Railway freight from Karachi			Total freight charges
	Rs.	as.	p.	Rs.	as.	p.	Rs. as. p.	Rs.	as.	p.	Rs.	as.	p.	Rs. as. p.
Amritsar	0	6	7	1	15	9	2 6 4	0	8	1	1	12	5	2 4 6
Lahore	0	6	7	1	15	3	2 5 10	0	8	1	1	11	1	2 3 2
Peshawar	0	6	7	2	9	3	2 15 10	0	8	1	2	1	3	2 9 4
Rawalpindi	0	6	7	2	5	7	2 12 2	0	8	1	2	0	1	2 8 1
Sialkot	0	6	7	2	2	5	2 9 0	0	8	1	1	12	11	2 5 0
BLACK PEPPER PER MAUND														
Amsitsar	0	8	9	2	15	0	3 7 9	0	10	3	2	9	5	3 3 8
Lahore	0	8	9	2	14	2	3 6 11	0	10	3	2	7	8	3 1 11
Peshawar	0	8	9	3	12	11	4 1 8	0	10	3	3	0	10	3 11 1
Rawalpindi	0	8	9	3	7	6	4 0 3	0	10	3	2	15	0	3 9 3
Sialkot	0	8	9	3	2	0	3 10 9	0	10	3	2	10	4	3 4 7

My Committee have received complaints from shippers and merchants in Bombay about the position created on account of the advantage which transport via Karachi involves because of the reduction in freight rate made by the steamer companies. The trade which was in the hands of Bombay merchants has gone elsewhere and as this state of affairs has been brought about by the action of the steamship companies in reducing the freight charges without at the same time effecting a corresponding reduction for Bombay, the cause for a legitimate grievance exists.

The diversion in trade from Bombay to Karachi as above will also mean loss of the corresponding traffic over the B. B. and C. I. Railway. So in common with the mercantile community of Bombay, the railway company will also be losing revenue on account of the trade in the above commodities to the Punjab being taken through alternative routes.

My Committee suggest that in order to counteract the effects of these changes, it is necessary that your railway should give adequate concession in the rates by special station to station rates or otherwise to various centres in the Punjab. The Bombay Malabar Kariana Merchants Association, it appears, has already addressed you in the matter giving a list of the stations to which railway concession is required. My Committee hope that both in the interest of preserving the Bombay's share of the trade in the above commodities and in the interest of securing to the railways their share of the revenue in respect of the traffic from Bombay to stations in the Punjab, your company will be good enough to consider the above suggestion favourably and to announce reduction in freight rates at an early date.

Letter No. R.O. 117|36|28, dated 19th September 1939, from B. B. and C. I. Railway to Chamber.

I beg to state that in the Indian Railways' General Classification of Goods, the commodities mentioned above are classified as under :

—	Class	Basis of charge per maund, per mile
		Pie.
Cocoanuts and Cocoanut Kernels ...	2	0.42
Pepper ...	4	0.62
Ginger, green ...	4	0.62

and taking Amritsar, for example, the railway freight rates, per maund, from Bombay and Karachi are as under :

—	From Bombay (Via Bhatinda)			From Karachi N.W. Rly.
	B.B. & C.I.	N.W.	Total	
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Cocoanuts and Cocoanut Kernels ...	1 11 9	0 4 9	2 0 6	1 12 3
Pepper ...	2 9 4	0 6 11	3 0 3	2 9 5
Ginger, green ...	2 9 4	0 6 11	3 0 3	2 9 5
Miles ...	983	127	1110	788

The railway freight rates from Karachi are lower because the distance is much shorter than from Bombay, nor can the traffic be held by Bombay as the competitive difference is greatly in favour of Karachi, as will be seen from the following figures :

	Per maund. Rs. a. p.
Bombay to Amritsar—	
B. B. & C. I. Railway, 983 miles, Minimum rate	0 8 2
N. W. Railway, 127 miles, Maximum rate	0 6 11
Total	0 15 1
Karachi to Amritsar, 788 miles, Minimum rate	0 6 7
Competitive difference in favour of Karachi over Bombay	0 8 6

In the circumstances it is not possible for this Railway to reduce its rates from Bombay to stations in the Punjab.

Letter dated 24th August 1939, from Scindia Steam Navigation Co., to Chamber.

We are in receipt of your letter Ref. No. 2191 of the 18th instant and in reply have to inform you that there has been no reduction since 1935 in the steamer freights from Malabar Ports to Karachi in respect of the two commodities mentioned by you, viz., copra and black pepper. The question therefore of reducing the rates from Malabar Ports to Bombay does not arise.

We note your contention that the Bombay rates should be 2|3rds of the Karachi rates, but may mention that in this connection it is the difference in the railway freight from Bombay to the interior and from Karachi to the interior that causes the divergence of the traffic from Bombay to Karachi even though the steamer freight from Malabar to Karachi is higher than that to Bombay. On studying the rates mentioned by you, it occurs that there is a difference of about 3 annas in the railway freights from Bombay and Karachi to the interior in respect of copra and of about annas 4 in the two freights in respect of black pepper. The reduction asked for by your members in the steamer freights from Malabar to Bombay would amount to about anna one for copra and annas two for black pepper which even if agreed to would still leave the steamer cum railway rate via Karachi slightly lower than the similar freight via Bombay. This would not in any way assist in restoring such traffic via Bombay as the diversion of this trade to Karachi has been mainly due to the much higher railway rate charged from Bombay which is at a greater distance from the interior than Karachi and therefore we do not propose any reduction in the freight charges from Malabar to Bombay.

Letter No. C|1214, dated 22nd August 1939, from British India Steam Navigation Co., to Chamber.

We are in receipt of your letter No. 2191 of the 18th instant advising that your Committee understand that steamer freights have recently been reduced from Malabar ports to Karachi with the result that the ratio between the rates from

Malabar to Bombay and Karachi has been reduced with the consequent diversion of trade to Karachi.

In reply we would advise that there have been no recent reductions in the rates of freight from Malabar ports to Karachi, and for your information we give below a comparison of the present rates with those in force prior to 1935 for the carriage of copra and pepper in bags from Malabar ports to Bombay and Karachi :

	Malabar/Bombay		Malabar/Karachi	
	Rates prior to 1935	Current rates	Rates prior to 1935	Current rates
	Rs. a.	Rs. a.	Rs. a.	Rs. a.
Copra in bags ...	6 4	11 0	9 4	14 0
Pepper „ „ ...	10 4	15 2	12 12	11 6

You will observe that in the case of copra the ratio between the rates to Bombay and Karachi is still maintained at Rs. 3|- per ton, but in the case of pepper the ratio has been increased from Rs. 2|8 to Rs. 3|4 per ton in favour of shipments via Bombay.

We note from the figures given by you of the steamer-cum-rail freight charges on copra and pepper from Malabar to stations in the Punjab, both via Bombay and via Karachi, the all-in charges via Karachi are less than those via Bombay. We notice, however, that whereas there is a difference of As. 1|6 per Bengal maund only between the steamer rates of freight to Bombay and Karachi, in every case the Railway rates from Bombay are higher than those from Karachi varying from As. 3|4 to As. 14|7 per Bengal maund in the case of copra, and As. 14|6 to Re. 1|1|3 per Bengal maund in the case of black pepper.

From the foregoing it is obvious that any diversion of trade via Karachi has not been due to reductions in the steamer rates of freight from Malabar to that port, but is

entirely due to the much higher Railway rates charged from Bombay.

Letter dated 25th August 1939, from Asiatic Steam Navigation Company Ltd., to Chamber.

We are in receipt of your letter No. 2191 of the 18th instant, in which you state that your Committee understands that steamer freights from Malabar ports to Karachi have recently been reduced resulting in the ratio between rates from Malabar to Bombay and Karachi being reduced, thereby diverting trade from Bombay to Karachi.

We would point out that no recent reduction in rates from Malabar ports to Karachi has been made and that the rates on copra in bags and pepper in bags to Karachi have remained at Rs. 14|- and Rs. 18|6 respectively, since they were increased in 1935, as against the rates of Rs. 11|- and Rs. 15|2 from Malabar to Bombay which rates have also been in force since 1935. There has also been no reduction in the rates on coconuts and ginger.

You will observe that the ratio between the rates to Bombay and Karachi is Rs. 3|- on copra and Rs. 3|4 on pepper in favour of Bombay shipments.

From the figures given by you we note that the combined steamer and railway freight on copra and pepper from Malabar to stations in the Punjab via Karachi is in every case cheaper than the combined steamer and railway freight via Bombay. These figures also show that all the steamer freights to Bombay are less than to Karachi.

It is obvious from these figures that any diversion of Bombay cargo to Karachi is entirely caused by the higher railway charges from Bombay and that the steamer rates of freight from Malabar to Bombay and Karachi are not responsible for any such diversion.

APPENDIX 18

Surcharge on Coal

Letter No. 2638, dated 5th October 1939, from Chamber to Secretary, Railway Board, New Delhi.

The attention of my Committee has been drawn to the notification issued by the E. I. and G. I. P. Railways announcing their intention to re-introduce the surcharge of 12½ per cent subject to a maximum of Re. 1 per ton leviable on coal, coke and patent fuel as from 1st November 1939.

In this connection, it may be pointed out that Indian industries and commercial interests had, in the past, on more occasion than one, urged upon the Railway authorities the necessity for effecting a substantial reduction in the freight charges for coal, and at any rate for the discontinuance of the system of levying a surcharge on coal freight. At such a time and in the face of such requests, the decision of the Railways above referred to to re-introduce the surcharge on coal consigned to Bombay and vicinity has been a matter of surprise and has upset the interests concerned in the coal trade and the industrial consumers, to no small extent. Cheap supply of coal is an essential requirement for maintaining intact and, if necessary, for increasing the productive efforts of Indian industries. The importance of enabling such industries to do so, in the present time of emergency, has been recognised by Government and the action of the Railways in increasing the freight charges on coal by re-introducing the surcharge at such a juncture is to be deprecated.

Moreover, the surcharge is proposed to be levied from 1st November. My Committee submit that it is but fair that the merchants should have a longer notice of the intention of the railway authorities to thus increase their charges. Suppliers of coal have already entered into contracts for delivery of coal at the works and factories at prescribed rates, on the basis of the existing freight charges. The proposed increase in the charges will upset their calculations and may even result in financial loss to them. The Railway authorities

should, therefore, have allowed sufficient time for the existing contracts to run out before levying any additional charge.

My Comittee suggest that if the decision to re-introduce the surcharge is considered unavoidable at least a period of six months should be allowed before the decision is put into force, so that merchants are allowed sufficient time to meet the difficulty arising out of the existing contracts.

My Committee hope that this matter will receive sympathetic consideration of the Railway Board and that necessary instructions will be issued postponing the collection of the surcharge by a period of six months.

Letter No. 2131-T.C., dated 4th November 1939, from Railway Board to Chamber.

In acknowledging receipt of your letter No. 2638, dated the 6th October 1939, I am directed to state that the Railway Board believe that your Chamber are aware of the circumstances which originally led to the withdrawal of the surcharge from coal booked from the Bengal and Bihar Coalfields to Bombay. I am to add that the Board have given full consideration to the representation of your Chamber and as the circumstances then prevailing no longer exist, they are unable to admit that there is any justification for deferring the restoration of the surcharge which it might be added, is being levied on coal booked from the Central Provinces Coalfields to Bombay since its introduction.

APPENDIX 19

Railway Classification of Paper and Cardboard

Letter No. 1980, dated 27th July 1939, from Chamber to Railway Board.

The attention of my Committee has been drawn to the unsatisfactory nature of the existing classification of paper and cardboard in the Goods Tariff.

Printing paper in bales is classed for purposes of charges under the heading "Paper, N.O.C. in bales or bundles" and

charged at 2 R.R., while Wall Paper is charged at 6 R.R. Recently a consignment of Poster Paper was treated by the railway authorities as wall paper and charged at the higher rate applicable to the latter. Unprinted poster paper is in no way different from printing paper, except that it is much cheaper in price. Even so, this cheaper quality of paper was called upon to pay a much heavier rate of freight, for want of clear enumeration of qualities in the classification. Samples of both printing and poster paper are sent herewith and the prices current for the same are also indicated on the samples. It is evident therefrom that there was no justification to treat poster paper as wall paper and to charge the same on that basis. My Committee request that the Railway Board will be good enough to examine this complaint and to rearrange the classification in question so that Poster Paper which is cheaper in price to ordinary printing paper may not be called upon to pay a freight charge higher than the latter.

Cardboard in bales or bundles (as pulpboard, N.O.C.) to Ahmedabad is charged under Class 4 R.R. Printing paper (paper N.O.C. in bales or bundles) which is much more costly is put on a lower classification, viz., 2 R.R. Besides the disparity in prices, cardboard is easier to handle in transport. This anomalous position in regard to classification, my Committee understand, is responsible for attempts to evade payment of proper freight on cardboard by declaring such consignments of cardboards as paper. It is, therefore, in the interests of the railways themselves to remove the incentive for such misdeclaration by putting the classification on a proper basis. My Committee suggest that cardboard in bales or bundles should also be assessed under Class 2. As it will be inconvenient to enumerate the various grades and classes of boards separately in the Tariff, it is suggested that the nomenclature for this purpose may be changed to " Boards " in place of " cardboard ", as then pulpboards, leather boards, box boards, greyboards and all categories of boards might without confusion be charged under this heading.

My Committee hope that the Railway Board will be pleased to examine the above suggestions and to bring about

the changes requested in the matter of classification of paper and cardboards.

Letter No. 2141-T.C., dated 23rd January 1940, from Railway Board to Chamber.

I am directed to refer to your letter No. 1980, dated the 27th July 1939, and to state that paper for printing posters is chargeable as "Paper, N.O.C.", viz. at 2 R.R. in bales or bundles and at 4 R.R. when packed in cases. I am, therefore, to suggest that specific cases in which consignments of poster paper were charged for as "Paper, Wall-6 R.R." may be brought to the notice of the Railway Administrations concerned.

2. As regards cardboard in bales or bundles, I am to say that this is chargeable as "Pulpboard, N.O.C. in bales or bundles" for which the correct classification is also 2 R.R., i.e. the same as for "Paper, N.O.C. in bales or bundles". Cardboard in cases is however chargeable at 4 R.R. If consignments of coardboard in bales or bundles to Ahmedabad are being charged at 4 R.R., I am to suggest that you refer this matter also with full details direct to the Railway Administrations concerned.

APPENDIX 20

Mileage Coupon Tickets and Personal Presence

Letter No. 529, dated 27th February 1939, from Chamber to the Chief Traffic Manager, G. I. P. Railway.

One of the conditions under which the Mileague Coupon Tickets are issued reads that :

> "When a journey or tour is to be made the member or representative making the intended journey must personally present the Book of Coupons at the Railway Booking Office."

This requirement in regard to *personal* presence of the holder of a Coupon Ticket was, it appears, not insisted upon rigorously by your Railway and when such coupons were sent

through messengers, the same were exchanged for the corresponding tickets. Of late, it appears that the Railway servants at the Booking counter are insisting upon the personal presence of the holders.

These coupons are generally purchased in the names of senior and responsible Officers of Commercial Houses, who naturally are busy people. They must be particularly busy on the day previous, or a few hours before, the date on which a journey is contemplated. It is, therefore, comprehensible that such representatives and holders may find it difficult to attend personally at the Booking Office during office hours to exchange their coupons for the necessary tickets. After all, the Railway is concerned only with sufficient satisfaction in regard to the identity and it is no use trying to enforce the rules strictly or literally in a manner which would bring about avoidable inconveniences to the travelling public. It is, therefore, suggested that ordinarily, the Railway should not insist on the presence in person of the holder of the coupon and should issue instructions that the coupons may be exchanged for tickets even when sent through a messenger if accompanied with a request in writing to that effect from the holder. After all, the Railway can verify the identity of the requisition by comparing the signature on the letter with that in the coupon book.

In this connection, my Committee find that although a similar rule requiring personal presence was in force in the B. B. and C. I. Railway also, when the inconvenience attached to that condition was pointed out to the authorities, the requirement was waived and instructions were issued that coupons might be exchanged for tickets on requests made in writing.

My Committee hope that your Railway will also be pleased to similarly waive the condition in regard to personal presence and issue necessary instructions.

Letter No. CG1|458, dated 25th March 1939, from Chief Traffic Manager, G. I. P. Railway, to Chamber.

I note that it is not always convenient for representatives of firms to personally attend at the booking office at Victoria

Terminus station during office hours to exchange mercantile mileage coupons for tickets.

2. I have therefore instructed the staff at Victoria Terminus to issue tickets in exchange for mileage coupons when requests are made by the representatives in writing through their clerks or servants, provided the mileage coupon book accompanies the letter and the signature on the letter itself corresponds with the signature in the mileage coupon book. A receipt for the ticket issued will be obtained from the bearer.

APPENDIX 21

Railway Season Tickets on more than one Name

Letter No. 2365, dated 8th September 1939, from Chamber to Traffic Managers, B. B. and C. I. Railway and G. I. P. Railway.

The East Indian Railway has introduced with effect from 1st August 1939 monthly season tickets to be issued in the names of three representatives of Registered firms and limited liability companies under the same terms as apply to the issue of monthly tickets in the name of one individual, subject to the condition that the ticket can be used by only one employee at a time. In this connection, I am sending to you herewith a copy of the letter which I have received from the Chief Commercial Manager of that Railway in reply to an enquiry made by me. I am desired by my Committee to suggest that this system may well be introduced over your Railway also.

Where employers at present purchase season tickets for use by their employees in connection with official business, difficulties have been experienced that when the particular employee is either absent or engaged otherwise the work for which the travel on the season ticket is necessary cannot be delegated to any other servant. This means an avoidable restriction and inconvenience to employers. After all, the tickets are paid for by the employers and as long as the condition that the ticket can be used by only one employee at a time

is observed, there should be no objection in allowing three names to be registered for the purpose of using the ticket. It may be pointed out that in the matter of Commercial Coupon tickets, such a facility is in vogue.

My Committee hope that your Railway Administration will be pleased to accept their suggestion and to introduce the system in question over your Railway.

Letter No. S.E. 14|A, dated 23rd September 1939, from B. B. and C. I. Railway to Chamber.

Whilst I can appreciate that employers may sometimes be inconvenienced by the absence of an employee in whose favour, and in connection with whose daily work, a season ticket has been purchased, I regret that this cannot be regarded as an adequate reason for a departure from the principle, long established on this railway, that a season ticket shall be available for the use of one passenger only.

As you are no doubt aware, our Suburban Electrified Section is working at a loss, and this is contributed to in no small measure, by the very low rates charged for season tickets. This alone makes it essential that season tickets should be strictly non-transferable.

Letter No. CG1|164-II, dated 17th February 1940, from G. I. P. Railway to Chamber.

In continuation of this office letter of even number dated the 15|17th September 1939, I have to inform you that it is not proposed at present to alter the condition that season tickets are non-transferable.

The East Indian Railway concession is still in its experimental stage, and its utility cannot yet be gauged.

APPENDIX 22

Anomalies in through Booking for First Class Passenger

Letter No. 394, dated 13th February 1939, from Chamber to G. I. P. Railway.

I am directed to send you herewith a copy of a letter received by my Committee from Mr. Fakirjee Cowasjee,

Karachi, a member of this Chamber. The letter draws attention to certain anomalies in through booking.

In the first place, it is pointed out that a passenger taking a through First Class Return ticket from Bombay to Howrah either via Nagpur or Jubbulpore, has to pay by way of charges a larger amount than would be the case if the journey was booked in two halves from Bombay to Nagpur or Jubbulpore and from Nagpur or Jubbulpore to Howrah. Prima facie there is no justification for the difference in charges. On the contrary, one would have expected that the charges in through booking provided for a concession in fares in comparison to those for broken bookings. My Committee would, therefore, like to know as to why the rates are so arranged as to involve an extra charge in the case of through booking.

The member again points out the disadvantage attendant on buying a ticket in advance to facilitate reservation. Reservation is guaranteed only when the tickets are purchased. But when tickets are so purchased in advance, the period allowed for the return journey is computed from the date of the purchase of the ticket and not from the date of the commencement of the actual journey. After all the intention in fixing a period for the return journey is to give that interval between the date of commencement of the journey and the date of return. An early booking to facilitate reservation should not involve a disadvantage in the shape of a reduction in the number of days allowed for the completion of the return journey.

It would also appear that in the case of a through journey covering the G. I. P. and a foreign line, your Railway in issuing a through return ticket does not take into account the concessional rate for a return ticket in force over your line. The full double charge is taken for the whole distance and the usual concession of a fare and a half over the distance on your railway is not allowed. Here again there does not seem to be any valid justification for treating a passenger who takes a through ticket in a different manner.

My Committee would request the G. I. P. Railway Administration to examine the above complaints and to bring about a readjustment of the rules in force so that the handicaps on through booking, etc., referred to above are removed.

Letter No. R.C. 1282 (C), dated 22nd March 1939, from G. I. P. Railway to Chamber.

In reference to the copy of letter from the Secretary, Indian Merchants' Chamber, dated 13th February, which you handed to me on 3rd instant, I have to say that the question as to whether through return tickets between Bombay and Howrah shall be issued at cheaper fares than at present is under consideration. I will advise you as soon as a decision has been reached. In the meantime, I would point out that the concession return fare between Bombay and Nagpur was introduced with the specific object of bringing these two large cities into closer development with each other. Through passengers to Calcutta cannot claim the advantage of the reduced fares between Bombay and Nagpur only and this complaint illustrates how a railway incurs unnecessary loss of revenue by the abuse of an existing concession.

It is correct that when tickets are purchased in advance for the purpose of reservation of seats, etc., the date of issue is taken as the date of commencement of the journey. I am in correspondence with other railways in order to ascertain the practice on those railways and if possible will have a general rule introduced which will provide for such tickets to be endorsed or dated for the date on which the journey commences ; this will remedy the grievance.

Regarding the question raised in the third para of the letter under reference, it appears to me to be similar to that referred to in para one above. Unless through booking at fares lower than the ordinary fares is in force, advantage cannot be taken of any reduced fares which may be in operation over a portion of the journey over this railway.

APPENDIX 23

Inter-class Accommodation Between Ahmedabad and Bombay

Letter No. 3211, dated 12th December 1939, from Chamber to Railway Board.

I am directed by my Committee to address the Railway Board on the question of provision of Inter-class accommodation on the Gujerat and Kathiawar Mails of the B. B. and C. I. Railway between stations, Bombay and Ahmedabad. The B. B. and C. I. Railway have provided Inter-class accommodation in almost all their other important trains including even the Frontier Mail. The absence of Inter-class accommodation in these two trains is very keenly felt by mercantile interests and often leads to great inconvenience. The inconvenience is felt the greater in case of merchants travelling between Sind and Bombay. In such cases after a long journey upto Ahmedabad they are obliged to travel by third-class between Ahmedabad and Bombay on account of the absence of Inter-class accommodation in the above trains.

In response to representations received from commercial interests and at the request of the Karachi Indian Merchants' Association, my Committee had desired their representative on the B. B. and C. I. Railway Local Advisory Committee to take up this question on that body and to request the Railway Administration to introduce inter-class service in the said trains. Unfortunately, the Railway Company have not seen their way to accept the suggestion and have, for the present, turned down the proposal mainly on the ground that such a step would amount to a drop in the Railway revenue inasmuch as it might lead to a transfer of a portion of the present Second-class traffic to Inter-class without any corresponding diversion from third-class to inter-class. My Committee are unable to agree with this view. Except in very few cases, persons who now travel second-class and who have been accustomed to such travel will continue to go by that class. On the contrary, a good number of persons who at present are not able to afford high charges for second-class and who

are obliged to travel by third-class would be attracted to inter-class if the same is provided, as by the payment of a little extra charge they would have the facility of travelling comfortably.

The argument of the B. B. and C. I. Railway that the Inter-class might cut a hole in the receipts from the second-class can be used of inter-class accommodation over all their trains and over all the other railways. It has no special significance in regard to the provision of inter-class accommodation in a particular train. The necessity for inter-class accommodation has now been recognised and the accommodation is provided on almost all important railway systems in the country.

My Committee submit that the Railway authorities should not be guided only by financial considerations in considering any matters of reform suggested to them. As a public utility service, the Railways have certain minimum obligations to perform and their outlook should not be outweighed by the immediate prospect of any loss in revenue in considering proposals for such reform.

My Committee, therefore, request that the Railway Board will be pleased to consider this matter and to take up the question with the B. B. and C. I. Railway Administration with a view to inter-class facilities being provided in the trains above referred to.

Letter No. 772-T., dated 22nd January 1940, from Railway Board to Chamber.

I am directed to acknowledge receipt of your letter No. 3211 of 12th December 1939, and to state that your representation has been forwarded on to the Agent and General Manager, Bombay, Baroda and Central India Railway, Bombay, with the request that the matter receive further attention when that Administration finds itself in a position to consider any extension of Inter-class accommodation.

APPENDIX 24

Canvassing of Motor Touts within Railway Premises

Letter No. 1716, *dated 6th July* 1939, *from Chamber to Railway Board.*

The attention of my Committee has been drawn to a proposal of the Indian Railway Conference Association to prohibit the entry on railway platforms of persons for purposes of canvassing for passengers or soliciting for fares for any vehicles plying for hire, etc. It appears that the Railway Conference Association has invited the opinions of the various Railway Administrations on the proposed ban. The proposal also contemplates prohibiting beggars and hawkers, with which perhaps there will be no disagreement. With regard to the question, however, of prohibiting touts for motor vehicles, my Committee will be obliged if you will be pleased to let them know if the Railway Board have considered the question and if the proposal of the Railway Conference Association will also include touts or agents for hotels, steamship services, guides for visitors, etc. You will kindly let me know if the Board have come to any conclusions on the question. Having regard to the fact that the proposal will affect the travelling public, my Committee feel that the Railway Board will be pleased, before taking definite decisions in the matter, to consult commercial opinion and give an opportunity to all organisations concerned to express their views on it. It is hoped that the Railway Board will not sanction any amendments to the rules in question, before public opinion has been consulted.

Letter No. 610-*T., dated* 14*th July* 1939, *from Railway Board to Chamber.*

I am directed to acknowledge the receipt of your letter No. 1716, dated the 6th July 1939.

APPENDIX 25

Concession for Transport of Fodder, etc., for Famine Area

Letter No. 2185, dated 17th August 1939, from Chamber to the Secretary, Government of India, Political Department, Simla.

My Committee had recently addressed the B. B. and C. I. Railway, requesting them to introduce famine concessions for transport of fodder and forage to famine areas in Gujerat and certain parts of Kathiawar Agencies. The Railway in reply have pointed out that such concessions can be brought into operation only under instructions from local Governments in the case of the provinces or the Government of India in the case of British Administered areas or Indian States. My Committee have accordingly requested the Government of Bombay to issue instructions to the Railway to grant concessions for areas under the Provincial Government.

I am now directed to approach the Government of India with a request that they will be pleased to issue the necessary instructions to the Railways concerned for the grant of concessions for fodder intended for areas in British Administered Territories or Indian States. In some places in Kathiawar Agencies the existence of famine conditions has been reported and instructions with regard to such areas may be immediately issued.

My Committee hope that the Government of India will be pleased to give their immediate consideration to the above matter.

Letter No. 1590-A|39|31581, dated 24th August 1939, from Government of Bombay, Revenue Department to Chamber.

With reference to your letter No. 2184, dated 17th August 1939, on the subject mentioned above, I am directed to state that in Government letter No. 1590-A|39, dated 13th August 1939, the Agents, G. I. P. and B. B. and C. I. Railways have already been asked to allow concession rates for the carriage of fodder to places in the Northern Division through

the agency of private contractors. If scarcity of fodder is reported from any other part of the Province, Government will consider the question of introducing concession rates for carriage of fodder to that part also.

Copy of letter from Government of Bombay, Revenue Department to Agents B. B. and C. I. and G. I. P. Railways.

I am directed by the Government of Bombay to state that under the authority delegated by the Government of India in their Circular letter No. 935-46, dated 28th June 1920, the Government of Bombay has decided to allow concession rates for the carriage of fodder to places in the N. D. through the agency of private contractors. The places where the transport of fodder is necessary will be communicated by the Commissioner, N. D. I am accordingly to request that arrangements may be made for the introduction of the rates shown in the statement appended to the letter from the Government of India, referred to above, on any consignment of fodder ordered by the Collector of the district in which the places reported by the Commissioner lie, or sent to him from any railway station in the Northern Division. The cost of the Government share of the concession rates may be communicated to the Commissioner, N. D., Ahmedabad.

APPENDIX 26

Insurance Premium from Railway Provident Funds

Letter No. 395, dated 13th February 1939, from Chamber to Railway Board.

My Committee are given to understand that in the case of several Provincial Governments, Local Boards, Municipalities and Joint Stock Companies, the rules in regard to Provident Funds for the staff allow payment of insurance premia on account of the members of the staff concerned from the accretions to the Provident Fund Account. It would appear such a facility is not allowed in respect of Railway Provident

Funds and that in case of Railway servants payments on account of Insurance premia from Provident Funds are not allowed.

Provident funds are mainly intended as a provision for the future and for families. Life insurance also serves the same object with the additional advantage that the element of risk is covered. In view of this identity of interests in the objects underlying the schemes for Provident funds and the system of life insurance, my Committee see no reason why payments in the form of insurance premia from provident funds should not be made permissible.

Incidentally, it may be also mentioned that such a permission would aid in the development of insurance habit in the country. Servants who may be getting smaller salaries may not be able to spare from their income premia payable on a policy of insurance over and above the contributions they have to make to the provident funds. In such cases if the restriction in question is relaxed they will be able to take advantage of the scheme of insurance also.

My Committee hope that the Railway Board will be pleased to consider the above proposal favourably.

APPENDIX 27

Proposed Ban on Electric Horns for Motor Cars

Letter No. 38, dated 6th January 1939, from Chamber to Commissioner of Police, Bombay.

My Committee are informed that pursuant to a recommendation of the Traffic Advisory Committee, Government propose to ban the use of electric horns for motor cars in Bombay as an experimental measure for a period of six months. My Committee find that the proposal has evoked protests from motor interests and that Associations representing such interests have already placed before Government the serious difficulties that are likely to arise if the proposal of the

Traffic Advisory Committee is implemented. It would have been very much better in the opinion of my Committee, if your Department had obtained the views of representative institutions on the question before taking any decision on the same.

The object of the Police Department in considering such a ban is to abate the nuisance arising from the hooting of horns. Doubts, however, have been expressed as to whether the remedy proposed is at all one which would improve the situation. The hooting of bulb horns is as much a nuisance, if such hooting is resorted to indiscriminately, and there does not appear to be any valid reason why the bulb horns should be prescribed in preference to electric horns. It has been pointed out to my Committee that in Calcutta, for instance, while the use of the electric is prohibited, the nuisance by hooting bulb horns is not any the less. My Committee are inclined to think that from the point of view of abating noise the bulb variety has no specific advantage. On the other hand, from the point of view of safety, electric horns have definitely certain advantages in that they could be operated much more quickly and effectively. My Committee, therefore, are strongly of opinion that the substitution of the method of warning by bulb horn is not a solution of the problem of noise nuisance and that, therefore, on that ground the proposal for the compulsory introduction of bulb horns cannot be upheld.

It would appear that, for the present, the ban is thought of as an experimental measure for six months. My Committee would like to draw the attention of your Department to the cost factor. All modern private cars are invariably fitted with electric horns and if all the owners are compelled to go in for new bulb horns the motoring public will be called upon to furnish an outlay of nearly two lakhs of rupees for what is admittedly an experiment of doubtful value.

Consideration has also to be given to the confusion that is likely to arise in the case of motor cars coming from outside the city limits ; such cars being generally fitted with electric horns will be presented with a problem when crossing the

limits. Surely, it is not suggested that each such car should before crossing the frontier equip itself with a bulb horn.

Having regard to the above considerations, my Committee feel that the proposal in question, while not furthering the object Government have in view, will impose burdens on the motoring public and will be a step backward from the point of view of traffic safety. Instead, my Committee suggest that the existing rules and regulations for the prevention of abuse of horns may be more strictly and vigorously enforced.

My Committee hope that you will be good enough to consider the above aspects and abandon the proposal to prevent the use of electric horns.

Letter No. 1666|4-*E., dated 3rd February* 1939, *from Secretary, Government of Bombay, Home Department, to Chamber.*

With reference to your letter No. 265, dated the 30th January 1939, on the subject mentioned above, I am directed to state that Government has decided that the ban on electric horns should not be put into effect and has issued instructions to the Commissioner of Police, Bombay, to cancel his notification on the subject.

APPENDIX 28

Representative on the Tariff Advisory Committee

Letter No. 2489, *dated 20th September* 1939, *from Chamber to Secretary, Traffic Advisory Committee, Head Police Office, Bombay.*

I am directed to inform you that my Committee have elected Mr. Mohanlal A. Parikh as the representative of the Indian Merchants' Chamber on the Traffic Advisory Committee in the vacancy caused by the death of Mr. L. R. Tairsee.

Mr. Mohanlal A. Parikh's address is as under :
Mohanlal A. Parikh, Esq.,
52, Dadyseth Agyari Lane,
Bombay 2.

APPENDIX 29

Permanent Deputy Commissioner of Police in charge of Traffic

Letter No. 14333|51, dated 20th September 1939, from Commissioner of Police, Bombay, to Chamber.

With reference to your letter No. 1098, dated the 2nd May 1939, addressed to Mr. L. R. Tairsee with which was enclosed a copy of letter dated 21st April 1939 from the Chairman of the Safety First Association of India, Bombay Provincial Branch, suggesting that a Deputy Commissioner of Police should be permanently in charge of traffic, I forward herewith an extract from the minutes of the Traffic Advisory Committee meeting held on 31st August 1939 bearing on the subject.

Extract from the Minutes of the Traffic Advisory Committee meeting held on 31st August 1939.

12. Permanent Deputy Commissioner of Police for Traffic

Government Endorsement No. X|10458-E, dated 5th July 1939 was read, which reads " transfers in the post of Deputy Commissioner of Police in charge of motor vehicle administration have to be made for administrative reasons, but the Commissioner of Police, Bombay, who allots work to the Deputy Commissioners of Police, has taken note of the recommendation of the Traffic Advisory Committee that the Officer appointed as Deputy Commissioner of Police in charge of traffic should hold that appointment permanently or at any rate for a considerable period and that effect will be given to it as far as possible subject to the exigencies of public service."

The President said that this will be borne in mind whenever any change in the post in question is made.

APPENDIX 30

Representative on the Board of Communication

Letter No. 2895, dated 2nd November 1939, from Chamber to Secretary, Government of Bombay, Public Works Department.

I am directed to inform you that my Committee have elected Mr. Keshavprasad C. Desai, B.A., LL.B., as the representative of this Chamber on the Board of Communications vice Mr. K. S. Ramchandra Iyer, resigned. Mr. Desai's address is as under :

c|o Industrial & Prudential Assurance Co., Ltd.,
Jehangir Wadia Building,
51, Mahatma Gandhi Road,
Fort, Bombay.

In this connection, I am to inform you that my Committee have recently decided that the period of office of the representative of the Chamber on public bodies like the Board of Communications, where under the rules of the constitution definite periods are not prescribed, shall be two years, and that at the end of such period a fresh election shall be made. Accordingly the above election will be for a period of two years from 1st November 1939.

APPENDIX 31

Minimum Charges on Foreign Deferred Telegrams

Letter No. 1259, dated 25th May 1939, from Chamber to Director-General, Posts and Telegraphs.

The attention of my Committee has been drawn to the fact that when foreign deferred telegrams are sent from India under the L.C.O. or L.C.D. class in plain language, charges for a minimum number of five words are recovered even in cases where the telegrams may contain a lesser number of words. On the other hand, my Committee understand that for telegrams sent from United Kingdom to India there is

no stipulation in regard to minimum number of words for purposes of charges and that the words actually telegraphed are charged for. If this information is correct, my Committee see no justification for the disparity in the matter of rules governing the charges. They, therefore, request that you will be good enough to look into the matter and to see that both for outward and inward telegrams the rules in question are uniform and that the Indian rule prescribing minimum charge be amended. You will please advise us as to what action you propose to take.

Letter No. TTL|150|38, dated 6th June 1939, from Director-General, Posts and Telegraphs, New Delhi, to Chamber.

With reference to your letter No. 1259, dated the 25th May 1939, I am directed to inform you that in accordance with the decision of the International Telecommunication Conference held at Cairo in 1938, a minimum charge as for five words is compulsorily collected on all deferred foreign telegrams. This ruling came into effect from 1st January 1939 and is binding on all the administrations of the International Telecommunications Union. The statement made in your letter that there is no stipulation in regard to the minimum number of words for purposes of charges in deferred telegrams from the United Kingdom to India does not appear to be correct as the restriction is applicable to both inward and outward telegrams. It is therefore regretted that this Department is unable to take any action to amend the rules as suggested by you.

APPENDIX 32

Bombay Telephone Co.'s Alternative Message Rate System

Letter No. G.R. 3, dated 30th March 1939, from Bombay Telephone Company to Chamber.

I have to inform you that my Directors have now considered the results for the year 1938 and they have decided that while they do not justify any reduction in the existing

flat rate charges, they do justify the introduction of an alternative message rate scale of charges for residential lines which they propose to introduce so soon as the necessary equipment can be installed.

The scale is :

Rental. Rs. 8 per mensem.
Calls. One anna each.
Installation Fee. Rs. 10|-.

Where a flat rate basis of charges has been in force there is an inclination to fail to appreciate the number of users and potential users of the telephone who only require to make a small number of calls and in the light of the knowledge of the calling rate in other places, including places in India, it is anticipated that this scale will serve a very useful purpose.

Letter No. 1093, *dated 1st May* 1939, *from Chamber to Bombay Telephone Company Ltd.*

I am directed to acknowledge receipt of your letter No. G.R. 3 of the 30th March 1939 on the above subject, and to say that my Committee have considered the alternative subscription for residential lines, based on the message rate system.

They are strongly opposed to the proposal. In the first place, they are opposed in principle to the very idea of introducing a scale of charges based on message rate. It may be recalled that during the years 1925 to 1927, when the proposal was under consideration for converting the flat rate to message rate basis, my Committee had conveyed, in no uncertain terms, the views of the commercial community regarding their strong objection to such a change. The present proposal, though put forward as an alternative is still, my Committee fear, the thin end of the wedge and the Company is perhaps taking the first step with a view to get the whole system gradually altered to the message rate basis.

Even if it is proposed as an alternative, my Committee cannot see the justification for the same. The charges proposed, to say the least, do not confer any advantage on the

subscribers. If a subscriber uses the telephone for putting through more than three calls on the average per day, he will have to pay more than what he has to pay under the flat rate basis and if the party line system is taken into account, the subscriber who uses the telephone for more than one call per day will find the party line cheaper than the proposed message rate alternative. There is, therefore, no excuse even from the point of the smaller user for the introduction of this basis of charges. The number of users who have occasion to make use of their telephone connection for less than four calls per day or party line subscribers who have to so use their service for less than two calls a day, should be very few indeed, and, therefore, the excuse that the alternative basis is in the interests of the small users is unconvincing.

My Committee would like to know if the orders for the necessary equipment and installation incidental to the new system have already been placed and if so, what will be the estimated amount of the capital expenditure including constructional charges.

When the future position of the ownership and management of the Telephone service is still a matter for decision by the Government of India, as evidenced by the recent replies given in the Legislative Assembly, it is very unfair on the part of the Telephone Company to make new commitments of avoidable nature. Therefore, my Committee are strongly of opinion that the Company should altogether abandon the proposal.

Letter No. 2120, dated 12th August 1939, from Chamber to Government of India, Department of Commerce, Simla.

Recently the Bombay Telephone Co., Ltd., announced their intention of introducing an alternative message scale of charges for residential lines. The Committee of my Chamber immediately wrote to the Company conveying their opposition to the scheme. I am now directed to send to you herewith copies of the correspondence between my Committee and the Company in this regard.

From the last reply received from the Company it is evident that the equipment necessary for the alternative system has already been ordered out and that, as matters stand, the Company will introduce the system notwithstanding public opposition to it. The Company claims that as a result of this alternative basis small users in residences will be able to obtain the telephone service at a lower charge than what they have to pay under the existing flat rate basis. But a scrutiny of the facts of the case will indicate the hollowness of this claim. The charges proposed for the alternative message rate basis are (*a*) installation fee of Rs. 10|-, (*b*) rental of Rs. 8|- per month or Rs. 96|- per year and (*c*) call charges at one anna per call, or, in other words, in all Rs. 106|- per annum plus calls at one anna each. Against this, under the flat rate basis a subscriber has to pay Rs. 180 per annum for a full residential line or Rs. 135|- for a party line service. Under the proposed alternative basis if a subscriber uses the telephone for putting through more than three outward calls on the average per day, his total bill for the year will exceed Rs. 180|-, viz., the charge for a full residential line on the flat rate basis and if he puts through more than one call per day, the bill will exceed Rs. 135|- viz., the charge for a party line connection. The number of subscribers who have to make use of the telephone for less than four calls or party line subscribers who make use of their service for less than two calls per day should be very few, if any. So the argument about small users will not carry conviction and the claim in this regard cannot be substantiated.

It is pertinent to recall that during the years 1925-27 the company tried to get the flat rate basis in Bombay converted generally into a message rate system. The public opposition to the proposal, however, was so tremendous that the company had ultimately to abandon the idea. It would appear that the Government of India and the Government of Bombay were also at that time, having regard to the public feeling on the subject, not prepared to sanction a general change-over to the message rate system. Having thus been frustrated in their attempt to get the Bombay Telephone service converted

into a message rate basis, the company is now trying to bring through the back-door what they could not achieve through the front. The general fear is that after getting the subscriber committee to the principle of message rate basis the company may at no distant future try to alter the whole basis of charges for the telephone service in Bombay.

The telephone service is a public utility agency run under conditions of monopoly and the licensee should not be at liberty to change the terms and conditions of the service at his free will. My Committee feel that it is necessary to prevent the company from effecting the changes as referred to above in the teeth of public opposition and they, therefore, request that the Government of India will be pleased to intercede in the matter and to see that the company abandons the proposal in question.

While on this, my Committee would also like to suggest to Government the desirability of an enquiry into the working of the Bombay Telephone Co. The company in recent years has been making good profits and paying increased rates of dividends. It is a well recognised principle that in such public utility undertakings the proprietors should share the prosperity with the consumers and should not consider themselves free to exploit their monopolistic position for their own advantage. My Committee had in recent years on more than one occasion urged upon the company the necessity for reductions in the charges for the service. The response has not been adequate or encouraging. The scale of charges levied for the Bombay telephone service is therefore a matter which should be the subject of an examination by the Government of India. My Committee hope that the above question will receive the consideration of Government at an early date.

Letter No. T.T.L. 100|39, dated 2nd September 1939, from Director-General of Posts and Telegraphs, Simla to Chamber.

With reference to your letter No. 2120, dated the 12th|14th August 1939, on the above subject, I have the honour to

inform you that the proposed message rate for residential telephone lines which the Bombay Telephone Company Limited intend to introduce in the near future is an alternative to the existing flat rate and it will be entirely optional for subscribers to choose the rate at which they wish to pay. They will, therefore, not exercise their option in favour of the message rate unless they consider that the use made by them of the service is so small that it will be cheaper for them to pay at that rate.

2. As regards your apprehension that the introduction of the message rate system for residential lines is a preliminary step to the introduction of such rates for the service as a whole, I am to state that such a change in the system of charging for telephone connections will require the approval of Government and should such a proposal be made by the Company in the future it will receive very careful consideration of Government before it is approved.

3. With regard to the concluding paragraph of your letter under reply I am to inform you that Government have, in an agreement entered into with the Company, prescribed a maximum limit of Rs. 350 per annum on rentals to be charged by the Company for connections within 4 miles of its Exchange. This condition has not so far been infringed by the Company. The agreement also makes a provision for the Government and the subscribers to share in the profits of the Company in the event of the profits available for the payment of dividends during any year exceeding 12½ per cent on the paid up capital of the Company. This contingency has not so far arisen. I am further to add that Government's intervention in the administration of the Company can be invoked only when there has been an infringement by the Company of the terms and conditions of the license and as there has been no such infringement there can at present be no occasion to institute an enquiry into the working of the Company as suggested by you.

APPENDIX 33

Trunk Telephone Tariff

Letter No. 1583, dated 23rd June 1939, from Chamber to Director-General, Posts and Telegraphs, Simla.

I am directed by my Committee to address you in connection with the question of reduction of the charges for the Trunk Telephone service. In this connection, they have seen a copy of the representation submitted to you by the Native Share and Stock Brokers Association, Bombay, and the case put forward therein by the said Association has the general support of my Committee.

My Committee give below particulars of the working of the Posts and Telegraphs Department during the last few years :

Working of the Posts and Telegraphs Department and the Government Telephone Service

FINANCIAL RESULT

Year	*Net Profit*	*Profit in the Telephone branch*	*Trunk Call Fees*
	Rs.	Rs.	Rs.
1931/32	93,85,116 (minus)	1,18,000	13,00,000
1932/33	41,00,000 (minus)	2,28,000	15,74,000
1933/34	52,00,000 (minus)	2,70,000	20,00,000
1934/35	37,00,000	23,00,000	25,00,000
1935/36	46,000	15,00,000	29,00,000
1936/37	14,00,000	19,00,000	32,00,000
1937/38	57,00,000	28,00,000	41,00,000

It is evident therefrom that the Department on the whole has made good progress and that, while in 1931|32 Government lost nearly a crore of rupees in the working of the department, the position has been improving gradually and that in the year 1937|38 the Department made a profit of over Rs. 57 lakhs. The profit has been steadily rising year after year and it is encouraging to note that the services and

facilities afforded by the department are also being increasingly used. Although the Posts and Telegraphs Department is considered to be a commercial department, it cannot be the intention to make it earn as much profit as possible regardless of certain essential national requirements. On the contrary, being a public utility service run under conditions of State monopoly, the charges for the services rendered should be no more and no less than what are actually necessary for the maintenance and successful running of the undertaking as a whole. My Committee are emphasising this aspect to point out that the time has arrived when the department should consider the question of reducing the charges for its various services and particularly those branches of the service which have year after year added to the net revenues of the department.

The progress in the Telephone branch is particularly striking. Even while the other departments were making a loss this department not only paid its way, but even provided a margin which enabled Government to reduce the ultimate deficit in the working of the Posts and Telegraphs branch as a whole. While in 1931|32 there was a profit of just over Rs. 1 lakh in the Telephone branch, in 1937|38 the profit had gone up to over Rs. 28 lakhs, a very satisfactory state of affairs, according to my Committee, having regard to the slow space at which the telephone habit is taking root in the country. If figures for the Trunk service are examined separately, it is found that the progress has not only been steady, but that the rate of advance has also been more marked and rapid. Thus while in 1931|32 the receipts from Trunk call fees amounted to just over Rs. 13 lakhs, in 1937|38 the figure stood at over Rs. 41 lakhs, an increase of over 300 per cent! In the opinion of my Committee, therefore, the time has arrived when Government should give an encouragement and a fillip to the use of the Trunk Telephone service by a revision in the rates charged for the same. My Committee feel confident that any such action by the department will ultimately not result in any shrinkage in the aggregate income, as the revenue reduction consequent upon the

reduced rate would be more than compensated by an increase in the use of the service. There may perhaps a time-lag before increased consumption offsets the effects of reduced charges; but ultimately the department will be able to show the same rate of progress even with a substantially reduced tariff. In the above considerations that they have advanced they are not merely expressing pious hopes. They may point out that this has been the experience in the Bombay Telephone Service. Reduction in charges has not meant reduction in the aggregate revenue; but the compensating factor of increased users has only strengthened the revenue position of the company.

My Committee have also been able to obtain the following information regarding the rates of Trunk charges in other countries to form a basis for comparison. They are obliged to the book on "Post Office Reform" by the Right Hon'ble Viscount Wolmer, M.P., for this information:

	100 miles	200 miles	300 miles	400 miles
	S. d.	S. d.	S. d.	S. d.
Sweedn ...	0 6½	1 0	1 2½	1 9
Germany ...	1 6	2 1½	2 5	3 0
Great Britain ...	2 6	4 6	5 6	6 6

The rates charged in India are as under:

	Miles	*Rs.*
Bombay to Calcutta	1223	10
Ahmedabad	306	3/6
Surat	163	2/2
Madras	967	7
Karachi	988	6
Delhi	861	7/14
Lahore	1211	9/6
Allahabad	845	7/14

It is evident that the Indian charges are almost as high as the U. K. charges. With a tremendously high national income in U. K. and with a per capita income ten times as much as the Indian figure, it needs no argument to convince one that the English scale of charges cannot be borne

by the Indian users. If, however, the charges recovered in Sweden or Germany are taken into consideration, it is obvious that the Indian rates stand in need of immediate revision. It may, in passing, be pointed out that the English rate is considered to be the highest telephone rate compared to the other continental and American countries and that rate, therefore, need not necessarily be the basis for comparison.

Modern business methods have given in recent years a greater importance to the Trunk Telephone service. This is also indicated by the fact that the use of the service is from year to year getting more popular. The high scale of charges, however, is acting as an impediment in the way of a more extensive use of this facility. Quick transport and speedy communications are the essence of success in these days of keen competition in business affairs and the department will be helping the mercantile community to keep pace with the times by making it possible for them to make free use of the telephone service in their normal business pursuits by a substantial reduction in the rates recovered for the same.

The Posts and Telegraphs Department has had an enviable record of service during recent years. My Committee, therefore, feel confident that this matter will receive your sympathetic attention and that Government will be pleased to agree to substantial reductions in the charges for Trunk Telephone Service.

Letter No. R-47|38 Coll. II, dated 8th December 1939, from Director-General, Posts and Telegraphs, New Delhi, to Chamber.

I have the honour to refer to your letter No. 1583 dated the 23rd June 1939 on the question of trunk telephone rates in India.

2. You advocate a reduction in the existing trunk telephone rates mainly on the following grounds :—

(1) the charges are heavy compared to those prevailing in other countries ;

(2) the rates are too heavy to be borne by the interests concerned and act as a handicap to trade and business ;

(3) the telephone branch is showing a substantial surplus on the year's working ; and

(4) lower rates will bring in more traffic and therefore ultimately more revenue while benefiting trade and industry.

3. The considerations advanced by you have been carefully studied. In comparing the trunk telephone charges in India with those of other countries it must not be forgotten that India is a country of vast distances in which the principal centres of trade and industry are far apart. The Department has to provide telephone facilities involving considerably heavy capital expenditure and a large maintenance staff. The efficient transmission of speech over such long distances is necessarily more complicated and more expensive and the tropical conditions in India necessitate the employment of costlier equipment and a heavier cost in maintenance. Though some of the equipment is now being manufactured in India, a good deal has still to be imported and the cost of imported equipment is naturally comparatively higher. It would, therefore, not be correct to say that taking all factors into consideration the trunk telephone charges in India are heavy as compared with those prevailing in other countries. It may be that to certain trade and business interests the rates are comparatively heavy ; but the fact that trunk telephone traffic has increased in recent years does not seem to indicate that the present rates act as a deterrent to the use of trunk Telephones. Any lowering of Telephone trunk call rates would no doubt stimulate demand and bring in some additional traffic. Experience both in this and other countries however shows that while a reduction of rates is certain to reduce the revenue earned the loss is not made up immediately or within a short period by the increased traffic. It would take some years before the department could expect to earn the same or higher revenue than is realised at present under the existing rates. From a financial point of view the department is not in a position at present to make the initial sacrifice or

to carry the additional traffic without considerable additional capital expenditure. In order that the service may be efficient it is essential to provide sufficient channels to deal with the additional traffic that may be offering at the lower rates. The Department has in hand certain schemes to provide additional channels, but it would be unwise to attract more traffic when the existing channels are not fully capable of dealing with such traffic without undue delay. It is a fact that the telephone branch has been showing surpluses. But this alone cannot be a justifiable argument for reducing the rates, for, in considering the working of the telephone branch, one cannot ignore the loss incurred on the working of the telegraph branch of the Department. The two services are provided by the same Department, use often the same lines and equipment and compete with each other within certain limits. It is essential to maintain an efficient and reliable telegraph service in the interest of trade and industry itself and for purposes of adjudging financial results, the two branches must be taken together. The figures for the working of the telegraph and telephone branches during the year 1938-39 indicate a total loss of 16¾ lakhs. Steps have been taken to secure all possible economy in the working of the telegraph branch as well as to earn more revenue and it is hoped that with the increase in revenue on the telephone side the two branches will show economic working in the near future. If telephone rates are now to be reduced because there is a surplus in that branch, the result would no doubt be a diversion of some more of the telegraph traffic to the telephone side with the result that the loss on the telegraph side would be increased while the net revenue on the telephone side would immediately be reduced due to the lower rates and the final result must be an increase in the loss on the working of the two branches taken together.

4. Apart from the considerations mentioned above, you will agree that in the present war conditions it is not possible to embark on a reduction in rates which must result in an immediate fall in revenue whatever the ultimate result might be. I regret, therefore, that the Department is not at

present in a position to consider a reduction in the trunk telephone rates. But I wish to assure you that I fully appreciate the demand for reduced trunk telephone charges and will re-examine the question as soon as circumstances justify such a reconsideration.

APPENDIX 34

Restrictions on Outward Calls on Government Telephone Service

Letter No. 1501, *dated* 16*th June* 1939, *from Chamber to Director-General, Posts and Telegraphs, Simla.*

In the *Times of India* of the 31st May 1939, the following report appears :

> "Inquiries made in Bombay in connection with the proposal to fix the number of calls from private telephones in India under the Posts and Telegraphs Department, show that the details of the proposal are still under consideration. In all probability the number of basic calls will be fixed at 20, beyond which the telephone would be put out of action.
>
> It appears that some time ago, in consequence of the instructions issued by the Department to the various circles, it was found on examination at the telephone exchanges that a certain number of subscribers abused the privilege of using the telephone and were making calls much in excess of 40 per day, although normally 20 calls per day per subscriber are allowed.
>
> It is suggested that the subscribers who are making more than 40 calls per day should take more than one telephone connection in order to avoid congestion of traffic."

I shall be glad to be supplied, for the information of my Committee full particulars of the proposal under consideration referred to in the report. I would like to know if this

applies only to the places where the ordinary telephone service is owned and run by Government, that is, the Postal Department. I would also like to know if the proposal is expected to affect the users of the Trunk Telephone service.

Letter No. T.T.L. 11|38, dated 17th July 1939, from Director-General, Posts and Telegraphs, Simla, to Chamber.

With reference to your letter No. 1501, dated the 16th June 1939, I am directed to inform you that the Hiring Contract for connections from the Telephone Exchanges of this Department provides that in the event of a subscriber making outward local calls at the rate of more than twenty per day, of which the actual counts made by the Telephone Exchange staff for several short periods shall be conclusive proof, the Divisional Engineer, Telegraphs, may require him to rent an additional connection and in default of compliance with such a request, the Divisional Engineer, Telegraphs, may require the connection to be closed forthwith. The Department had no occasion to enforce this condition for some time but recently as a result of observations made in many exchanges it was revealed that cases were not rare where subscribers were making as many as 200 or 300 local calls a day and were thus practically permanently engaging a part of the common apparatus in the exchange thereby preventing other subscribers from using the service. The Department had strong reasons to suspect that in many of such cases the subscribers were permitting the use of their telephone to other persons on payment which is against the terms of the contract. In the interests of the telephone service and with a view to preventing these abuses it was decided to enforce the condition in the Hiring Contract restricting the outward local calls made from a telephone connection to 20 a day.

2. I am to add that the restriction applies only to the telephone exchanges worked by this Department. Trunk calls do not come within the restriction which is for local calls only.

Letter No. 2131, dated 14th August 1939, from Chamber to Director-General, Posts and Telegraphs, Simla.

I am directed to acknowledge receipt of your letter No. TTL-11|38 dated the 17th July 1939.

My Committee regret to note that the department has decided to enforce the condition of restricting local outward calls made from a telephone connection to 20 a day. The reported cases of abuse seem to be the main reason which weighed with Government in coming to such a decision. My Committee may be allowed to point out that such cases should be very exceptional and it would be unfair to the general body of subscribers to be penalised in the manner proposed by Government on the basis of such stray occurrences.

My Committee realise that in Bombay the subscribers are not affected by this change, but there are other centres in the province where the change in question has been taken objection to by the mercantile community. Particularly in Surat, my Committee learn that the subscribers are very much exercised by Government's decision in question and a situation has been created which is far from being happy. The telephone branch of the Postal Department has shown satisfactory results and my Committee submit that Government should not impose avoidable burdens on the mercantile community, at a time when the general condition in trade and commerce is anything but prosperous.

My Committee hope that Government will be pleased to reconsider the matter and to issue instructions with a view to the restriction in question being not enforced.

APPENDIX 35

Classified list of Subscribers in the Gujarati Directory of the Telephone Company

Letter No. 2915, dated 4th November 1939, from Chamber to Bombay Telephone Co., Ltd.

The attention of my Committee has been drawn to the fact that in the Gujerati edition of the Telephone Directory

issued by your Company there is no classified list of subscribers as in the English edition. The Gujerati Directory is intended for use by subscribers who mainly use that language for their business purposes ; and it would be appreciated if all the facilities and conveniences provided by the English edition were also provided in the Gujerati edition of the Directory. My Committee are aware that an extra charge is recovered from the subscribers concerned for including their names in the classified list ; but once that charge is levied the subscribers concerned may be given the facility of having their names in both the English and the Gujerati editions. The general subscriber, whether he uses the Gujerati or the English Directory, will appreciate full information about the subscribers of the Telephone Company in both the editions in order to enable him to make a full and easy use of the Telephone Service.

My Committee, therefore, request that your Company will be pleased to introduce the classified list in the Gujerati edition corresponding to the list published now in the English edition.

II.—FINANCE, TARIFF AND TAXATION

APPENDIX 36

Budget of the Government of India 1939-40

Letter No. 573, dated 3rd March 1939, from Chamber to Secretary, Government of India, Finance Department, New Delhi.

The Committee of the Indian Merchants' Chamber have considered the Financial Statement presented to the Legislature by the Honourable the Finance Member. They are glad that no special extra taxation has been levied, though there is a deficit of Rs. 265 lakhs for the current year and an expected deficit of Rs. 50 lakhs for the next year. While there is thus no special extra taxation, there is the doubling of the duty on foreign imported cotton, against which my Committee beg to lodge their strong and emphatic protest. This duty was first levied in 1931, and at that time even my Committee were emphatically opposed to it, as, according to them, it meant a further burden on the industry of the country impending its progress. Since then, the Indian textile industry has had to pass through very critical and crucial times, and even now the condition of the industry cannot be said to be anything but grave, if not critical. What has happened is that the industry has to face the introduction of several labour reform measures by different Provincial Governments, regardless of the capacity of the industry to bear the cost thereof, all tending to place an ever-increasing burden upon the industry. Over and above these measures, there are distinct increases in wages provided for by different Provincial Governments. The Bombay cotton mill industry alone had to foot an additional bill of about Rs. 1 crore in wages last year as a result of the recommendations in the interim report of the Textile Labour Inquiry Committee. That Inquiry Committee is still sitting and it is apprehended that the effect of its recommendations and suggestions would also be to place a further burden upon the

industry, in the shape of different facilities and amenities given to employees. The Bombay Provincial Government have in their last Budget levied a property tax of 10 per cent which also means a serious burden on the cotton textile industry, while the Sales Tax proposed in the same budget will be a further impediment to its progress. On the top of all this, there is the proposal to increase by 100 per cent the duty on imported foreign cotton, the imports of which amount to over 700,000 bales a year. The Indian cotton textile industry has turned its attention since sometime past to turning out finer piecegoods, and Lancashire has suffered to a large extent from this competition. It is the natural ambition of India to become self-contained with regard to a necessity of life like cotton piecegoods, and the Government of India should have welcomed and fostered this enterprise, instead of coming down upon it to place impediments in the course of its further progress. The increase in the duty will mean an increase in the cost of production to the Indian industry, which in its turn will reduce its competitive capacity vis-a-vis imported textiles. The margin of protection to the industry, which was based on the existing factors governing the cost of production in India, would be reduced. In other words, the increase in the duty would mean an increase to that extent of the preference to United Kingdom textiles and a reduction of the tariff for all other countries including Japan. Thus, a bounty is being given at the cost of the Indian industry to Lancashire and to a certain extent to Japan and other foreign competitors, and all this on the specious plea of promoting the interests of the agriculturists. Over and above all this, there is the Damocles's sword hanging over the cotton textile industry in the form of the Indo-British Trade negotiations, which will seriously harm the industry if there is any reduction suggested in the present protective duties.

The Finance Member is proposing the increase in the duty mainly as a provision for meeting the estimated budget deficit (1939-40) of Rs. 50 lakhs; and incidentally deems it a measure designed to promote the growing

of long-staple cotton in India. As regards the deficit in the budget, as my Committee are pointing out in a later paragraph, the increase in revenue from the changes embodied in the budget regarding taxation of income has been very much under-estimated, and my Committee are sure that the said changes would bring about a larger addition to the resources of Government, so that there will be no question of meeting a deficit. Even if eventually a deficit of such a small amount should occur, the same can be met from the Reserves; deficits of much larger amounts have been met from the Reserves during the last two years. Regarding promoting the growth of long-staple cotton, India has not been producing cotton of sufficient staple to produce yarn of 30s. to 40s. and above, and it is the considered opinion of those in a position to speak with authority in the matter that there are no prospects of India being able to produce finer varieties of cotton in the immediate future. Therefore, any talk of promoting the growth of long-staple cotton can only be a mere platitude. Raw materials required for industries should, as a matter of general principle, be allowed free of duty, and it is surprising that in India the raw material required for its staple industry is to bear an import duty at as high a rate as one anna per lb. or, roughly, 10 per cent *ad valorem*. My Committee do not see the need for any fresh or additional taxation, and beg to strongly protest against the proposal to increase the import duty on raw cotton from six pies to one anna per pound, and hope that the Government of India will be pleased to withdraw the proposal altogether.

The proposals in regard to the taxation of income involve fresh or additional taxation of a great magnitude particularly so far as the commercial community is concerned. In submitting their views on the recommendations of the Income-tax Enquiry Committee, my Committee had pointed out that the incidence of tax under the scale of rates proposed in connection with the slab system was high and required to be modified particularly on the higher grades of income. Unfortunately, Government are proposing the same scale with an important modification against the Joint Hindu

Family. My Committee feel that the rates proposed for incomes over Rs. 10,000 should be considerably reduced, if the incidence of tax on higher incomes is to be made fair and equitable.

In regard to taxation of companies, in the first place, the rate of income-tax is increased. Secondly the existing exemption limit of super-tax of over Rs. 50,000 is removed. These two changes will make the incidence of taxation on companies very high. In regard to company super-tax particularly the commercial community had repeatedly asked for relief either by its total abolition or by a provision for refund of super-tax to shareholders on the lines of refund allowed in respect of income-tax. By treating company super-tax as Corporation tax, any possibility of refund is forestalled. My Committee are emphatically of opinion that these proposals will retard the development of small industries in the country and will stand in the way of new floatations. It is inconceivable that even companies with a small income under Rs. 50,000 should be obliged to pay tax at a flat rate of annas $3\frac{1}{2}$ in the rupee.

While on this, my Committee would like to reiterate the inequity of the existing arrangement in regard to double taxation relief. They had conveyed to Government their considered opinion that the arrangements under Section 49 should be abolished. At any rate, they feel that company super-tax having been treated as a Corporation tax there is no case for continuing the relief at least in so far as company super-tax is concerned. It may be pointed out that the corresponding relief afforded by the United Kingdom Income-tax system is confined only to income-tax.

But the proposals in regard to the taxation of Hindu Joint Family go even beyond the recommendations of the Experts Committee or the suggestions made in the specimen scale of rates of slab system by that Committee. For a Hindu Undivided Family with more than one adult married member that Committee had recommended double each slab of income for the prescribed rate. This concession is now done away with. It is pertinent to point out that the Experts

Committee recognised the case for relief to Hindu Undivided families in the following words :

> " Representations as to the hardships involved in the present system whereby a Hindu Undivided Family is treated almost as if it were an individual irrespective of the number of its members have been insistent and widespread. We are bound to admit that hardship exists. For example, while a registered partnership of four persons engaged in business and sharing equally in a profit of say Rs. 7,800 is not liable at all a Hindu Undivided Family, with, say four adult male members similarly engaged in business would pay in respect of a profit of Rs. 7,800 tax amounting to about Rs. 400."

My Committee, therefore, see no reason why Government have disregarded the recommendations of the Enquiry Committee in this regard and proposed a scale of taxation for this class of assessees which will hit them hard.

My Committee also cannot help feeling that the revenue from the changes proposed in regard to taxation of income is highly under-estimated and that the burden of taxation on account of all these changes will be much higher.

My Committee have always protested against the heavy military expenditure. While they are glad that there has been no increase budgeted for this year in this expenditure, they urge, with all the emphasis they can command that the British Treasury should be requested to take over the payment of the British troops in this country. Government will agreee that the economic condition of the country is not such as to enable it to have such a large expenditure continued year to year. If looking to the international situation and the position of the country as it is, it is necessary to maintain the British troops, equity and justice demand that its cost should come from the British Exchequer. In this connection, my Committee will be excused if they reproduce below what they stated at their interview with His Excellency the Viceroy early this year :

"Representatives of trade and industries as well as leading publicists and representatives of the people in the Legislature have protested against the crushing military burden which, looking to India's population, her economic resources and the state of her people, is much more burdensome than in the case of several leading countries. We realise that in the present international atmosphere it may not be possible to cut down certain vital expenditure for defence purposes ; but we submit that if the Army is Indianised and if the defence is put in the hands of Indians, there may be an appreciable decrease in the military expenditure and at the same time Indians will be trained up for defending their country, an ideal which, Your Excellency will appreciate, is at once legitimate, fair and just."

My Committee consider that it is unfortunate that the Chatfield Recommendations should not have been made available to the public simultaneously with the Government of India. These recommendations should have been published along with the Budget, so that the effect of the recommendations of that Committee on the budgetary position of Government could have been evaluated.

APPENDIX 37

Railway Budget 1939-40

Letter No. 434, dated 16th February 1939, from Chamber to Secretary to the Government of India, Railway Department, New Delhi.

The statements, presented by the Hon'ble Sir Thomas Stewart in the Central Assembly, and by Sir Guthrie Russell in the Council of State, with regard to the Railway Budget for 1939-40, show that, out of a gross income of Rs. 94.75 crores (1939-40), over 51.67 crores or 54.53% goes for operating charges, and nearly 29 crores or 30.60% in payment of interest charges. It is, therefore, evident that efforts to

rehabilitate Railway Finance should be first directed towards reducing the burden of these two charges. It is significant to note that, while there was an expenditure of Rs. 51.65 crores out of a total revenue of Rs. 100.13 crores in the year 1924-25, when the income went down to Rs. 84.43 crores in 1932-33, there was still expenditure of Rs. 49.08 crores ; and out of the estimated income of Rs. 94.75 crores for 1939-40, there is still the expenditure of Rs. 51.67 crores. This shows that, despite the pious hopes and resolutions of Government and the Railway authorities, there is no reduction in expenditure at all during the last 15 years, although income has gone down considerably.

The loss of Rs. 1.72 crores regarding strategic lines should be met from the Military Budget, particularly so as the Military Budget has now been removed from the pale of legislative vote. The surplus given for commercial lines is Rs. 3.85 crores, but there is a deduction from this of the loss on strategic lines. As a matter of fact there should not have been this deduction, if the accounting system was based upon what it is in practice in the business world. The real surplus then would be Rs. 3.85 crores. The commercial community had protested against this sort of accounting several times, but upto now to no avail. It is no use trying to depress the actual position of the commercial side, by introducing extraneous burdens and thereby trying to forestall any expectations of relief in rates or fares. Not only this, but there is a reaction on the Military expenditure also, which as spokesman on behalf of Government tried to assure us several times, is being reduced day by day. As a matter of fact, Military expenditure should be increased by Rs. 1.72 crores, which is a loss on strategic lines.

The loss met by loans from the Depreciation Fund to meet deficits in working and the liability on account of unpaid contributions to the General Revenues, amounting to Rs. 65 crores in 1938-39 should not be capitalised, but should be gradually met from current revenue and should be provided for by adequate retrenchment.

Capital expenditure of Rs. 11 crores is estimated for 1939-40, the items to be taken up being track work, bridge repairing, traffic facilities, workshop and loco-sheds, staff quarters, welfare work, etc., as also purchase of the South Bihar Railway. Examining these items, the Committee of the Chamber fail to see any justification or urgency for the schemes of remodelling of stations. With the experience of the huge unproductive expenditure on stations like the Bombay Central Station and several others, the public cannot consider such disproportionate expenditure on stations as "traffic facilities" or "amenities for passengers." The expenditure on new rolling stock is also difficult to be justified after the observations in the Wedgwood Committee report regarding inadequate use of the existing stock.

One item of capital expenditure, in which the commercial community is particularly interested, is in regard to the provision of Rs. 4 lakhs for the purchase of Rail-Cars. Government must have seen the public feeling against the Railways at the time of the discussion of the Motor Vehicles Bill. Any attempt to give the Railways powers or privileges designed to make motor competition difficult, was resisted. As long as the attitude of the Railways remains what it is, and as long as serious efforts to revise the rate structure to meet existing conditions are not made, the public will always view with suspicion and with a feeling of antagonism any effort to cripple motor traffic. As the Hon'ble the Communications Member himself admits the Railways were once monopoly carriers. As the public had no reason to be satisfied with the conduct of affairs under the monopoly, a new, although limited, form of alternative service found field, and as long as the Railway policy is not amenable to public opinion, attempts to re-secure conditions of monopoly are bound to be resisted and resented. The Committee of the Chamber are not unaware, in this connection, of the stake of the Indian tax-payer in the capital, of over Rs. 750 crores, invested in the Railways. They do not want to have anything done, which would cripple this big asset of the nation, but at the same time they are naturally anxious that this invest-

ment should pay a national dividend by the Railways being made an instrument of public utility and by their being made to subserve the general economic requirements of the country.

While the Committee appreciate the expansion of the activities in regard to publicity, commercial research, and direct commercial working of the Railways, they should like to know how the 10 posts additionally created in this connection have been filled. The Committee do not want, as far as possible, to have any counter-move to Indianisation of the Railway Services under the guise of added efficiency or increased publicity. As they observed in their comments on the Report of the Wedgwood Committee, they are quite certain that, if proper efforts are made, Indians with suitable qualifications can be found, to look after publicity, commercial interests, etc., of the Railways. If special are being made to utilise the publicity value of the Indian Press, surely no one can do it better than Indians themselves. It is no use importing non-Indians for that work, asking to learn the languages of the country, and then trying to establish contact between Indian Press and these foreign talents.

The Committee appreciate the activities of the Railways and the amenities given to passengers with regard to the Hardward Fair, and they hope that the same sort of interest will be shown in the different Fairs all over the country, which will give the Railways much more additional revenue than any amount of attention shown to having air-conditioned first-class coaches between principal provincial cities. The Committee remember that despite several efforts made in this direction in the past, the Railways concerned were opposed to having the rates reduced for the Khwaja Fair at Ajmer, and the concession was effected only after two or three years. At the same time, the amenities to the pilgrims also must be looked after and the Committee trust that the old system of providing goods trucks for the use of pilgrims is not now in vogue.

The Committee have several times drawn the attention of the authorities concerned to the great possibilities which

lie with the Railways of giving an impetus to Indian industries. The Railways must, perhaps, be the biggest purchaser and consumer of different articles in the country, next to Government, and if they adopt the policy of finding these products in this country itself, and even going out of their way to develop industries likely to supply them with their products, the pace of industrialisation in this country will be increased, and at the same time the Railways themselves will be adding to their revenue. It is, therefore, pleasant to note that they have recently been trying the use of rape oil for axle oil purposes. This is, however, only one instance ; but the Railways will be able to help so many industries, if they but make efforts to find out the industrial potentialities of the country.

The Committee of the Chamber feel it their duty to draw attention of Government to the suburban local services of the two Railways, which have their headquarters in Bombay. Here, they will deal with the suburban local service of the G.I.P. Railway. The G.I.P. Railway, only a shortwhile back gave it out specifically that they were making a loss of Rs. 20 lakhs on the working of their suburban section, and so proceeded forthwith to reduce and curtail very considerably the number of the suburban trains. This led to a panic on the part of the passengers and a section of the travelling public had to resort to some sort of what is known as *Satyagraha* before the Railway re-introduced many of the trains which were discontinued. It now appears from a note circulated to members of the Local Advisory Committee of the Railway, that the loss will not be Rs. 20 lakhs, but Rs. 46 lakhs. This is, indeed, a preposterous state of things. When the electrification of the Railway's local section was being taken on hand, it was given out that the service would be faster, trains would be more numerous, and the charges for the suburban season tickets would be reduced. Unfortunately, these things have not come to pass. Instead of that, we have got now local service reduced, charges for suburban season tickets increased, and the speed has not been accelerated to the extent to which it was once expected. Not only this, but now the Railway

comes forward with a statement that it is suffering enormous losses. What about the enormous capital expenditure incurred when the electrification was adopted ; Capital expenditure for not only electrification but also for the remodelling of stations to suit this ? The Committee hope that an enquiry will be made into this to find out the causes of this debacle with regard to electrification and that assurances will be given to the public that the principal convenience of transport for suburban people will not be tampered with in any way. It may not be out of place here to remind the Government of India that the healthy expansion of Bombay in recent years has been principally due to the suburbs, and that if anything is done to restrict the amenities of life for the suburban people, it will react upon the growth and expansion of these and even upon its health.

The dissertation on the theory of Railway Rating given by the Communications Member will not help struggling industries or trade by merely being told that the policy of the Railways is only to charge them "what they can bear", while in actual practice, they find that they are being charged "what they *cannot* bear". The Railway rate structure is supposed largely to be based on the principle of "what the traffic can bear" ; but in the opinion of Railways the capacity to bear is a very elastic factor. The Berar Cotton, selling at Rs. 27-11-0 per maund in 1911, "can bear" the freight rate, from Akola to Bombay, of Rs. 1-6-2 ; and the same cotton, selling at Rs. 12|- per maund in 1938 can equally bear the rate of Rs. 1-10-4, i.e., an increase in the freight rate by about 19%, against a decrease in the money value by about 43% ! Comment is superfluous. Do the Railways mean that railway freight can be increased till a point is reached when the traffic refuses to move at all ? This *reductio ad absurdum* was reached when cotton seed was actually used as fuel in boilers in the interior of the Central Provinces before railway freight on cotton seed was reduced as a special case. Do the Railways wish to wait before this stage is reached in case of cotton. It is high time that some machinery is devised to have commercial representatives to be closely associated in the matter of

fixing rates and fares by the Indian Railways. Without such association, mere repetition by the authorities that the rates are fair and equitable will not carry conviction.

The Committee have read with much concern the statement of the Hon'ble the Communications Member that there can be no hard and fast policy with regard to the question of State *vs.* Company Management of Railways, and that on each occasion it will be considered whether the taking over of a Railway is from the point of view of the general ratepayer a good financial proposition. The Committee apprehend that this is a retrogression from the policy hitherto followed and that the Report of the Wedgwood Committee has had unfortunate repercussion on the policy of Government. Though Government had not declared their strict adherence to the recommendation of the Acworth Committee about State Management of Railways, they had practically accepted the recommendation in practice. For some time past, however, it appears that Government do not want to follow the principle of State Management of Railways. The Wedgwood Committee went beyond their terms of reference and recommended Company Management of Railways, and the Committee of the Chamber are afraid that the policy of the Government of India may be deflected accordingly. They hope and trust that it will not be so, in the larger interests of the country.

In conclusion, the Committee express their deepest regret and sorrow at some of the terrible accidents which have recently occurred on some of the Railways in the country. They cannot approve of the Railways issuing the next day of the accident a report attributing such accidents to mere sabotage. It may be, or may not be so ; but what the Committee of the Chamber want to emphasise is that every time an accident happens, an authoritative and impartial enquiry must be set up by Government themselves, as the Railways are, as a member of the Legislative Assembly pointed out while the discussion was going on, in the position of an accused. At this stage, the Committee would like to point out how when such accidents happen in any of the European

countries, they several times lead actually to a fall of the Ministry, which goes to show that the people there expect the Government and the Railways to take every care possible to prevent such accidents and to meet out adequate punishments to the guilty parties, whoever they may be, after an exhaustive and satisfactory enquiry.

APPENDIX 38

Budget of the Government of Bombay 1939-40

Letter No. 439, dated 18th February 1939, from Chamber to the Secretary to the Government of Bombay, Finance Department, Bombay.

The Committee of this Chamber have perused, with considerable interest, the Budget statement presented by the Hon'ble the Finance Minister of the Government of Bombay to the Bombay Legislative Assembly on Tuesday last. Similar statements of Finance Ministers, before the days of provincial autonomy and the advent of the national Government into power, were more or less colourless documents on account of the very nature of things, the Provincial Governments at that time having very few, and those too curtailed, powers, with regard to the disposal of their revenue. The advent of the National Government into power since the last 18 months, under the provincial autonomy scheme, has given an opportunity to Finance Ministers of the National Cabinet to draft proposals of budgets, and these budget statements at once began to have an importance of their own. The first budget statement was presented in August 1937, the second was presented in February last year and the third is presented now. The public of this Province has been waiting and watching, since sometime past, for this Budget, specially as it was expected to usher in very many changes in the financial administration, as also in the forms of taxation. The Committee of this Chamber also, as custodians of commercial and industrial interests, have been anxiously watching the deve-

lopment of events, and have applied their mind closely to the proposals now set forward in the Budget statement.

The two chief items in the Budget taxation proposals are the immovable property tax at 10 per cent on the rateable value of property in Bombay and suburbs and Ahmedabad, and the Sales Tax on mill-made cotton and silk goods and artificial silk yarn and cloth at 6¼% *ad valorem*. There are other items of taxation, such as enhanced fee on conveyance, enhanced electricity duty, sales tax on petrol, taxation on activities such as crosswords competition, etc., with regard to which, under the circumstances and situation obtaining at present, my Committee have no other recourse but to give their qualified approval. At the same time, they must say that electricity plays a large part in many a small industry and that the taxation policy followed by Government regarding electric companies may react adversely on these industries and the starting of new electrical ventures. My Committee strongly disapprove of the items of taxation on property and the sales tax on textiles.

They realise that additional taxation has to be resorted to by the State in all times of emergency, and they would be the last to refuse co-operation to Government, specially the National Government, in matters of taxation, which is the only means by which the administrative machinery can be run, the progress of industries can be assured, social amenities of life can be secured, and protection for life and property obtained. The whole problem, therefore, hinges upon the question : whether a state of emergency has arisen, as, with all their desire for extending co-operation to Government, they must make such co-operation conditional upon a state of emergency, and must expect that Government should take the people into their confidence and assure them and convince them that there is really a state of emergency necessitating additional taxation, and that without such a taxation the whole administrative machinery will come to a stop, and that there will be danger to life and property within the Province unless emergent measures are taken. The Hon'ble the Finance Member says that practically a state of war has arisen—a war

against drink, which he calls "the most ruthless of our enemies". My Committee agree with him when he says that drink is a ruthless enemy and also that it must be suppressed. The question, however, is if by speeding up the prohibition programme in this war against drink Government should themselves create a state of emergency, a war as they call it, and levy taxation in a Province which, according to the words of the Hon'ble the Finance Minister himself, is the most heavily taxed province in the whole country. The Hon'ble Mr. Latthe compared the rate of taxation in different provinces, in his speech delivered in the Legislative Assembly on the 17th August 1937, when he said :

> "Our per capita taxation is slightly over Rs. 6, while the second heavily taxed province, Sind, has to pay Rs. 4.90 per head. In Madras the figure is only 3.26, in Punjab 4.43, in Bengal 1.78, in the United Provinces 2.29, in Bihar and Orissa together 1.29, in the Central Provinces 2.72 and in Assam 2.26."

In fact he observed :

> "These are eloquent figures and they tell us as nothing else can, what we should think of the facile proposals made to us from every side to finance attractive schemes of expenditure by resort to yet newer forms of taxation. It is not very surprising that people who have little responsibility on their shoulders should indulge in the pastime of making speculative taxation schemes. But it is nothing less than surprising to see that Honourable Members of a Government which had been telling the world for years that in this Province the limit of taxation had been reached, should suddenly turn round and put the seal of their approval on new taxation schemes just as if all they had said before had disappeared into thin air. This is exactly what two of the four framers of the scheme have done."

All those strong words, however, of the Hon'ble the Finance Minister have now, it seems, vanished into thin air, and he is now proceeding to initiate a taxation, before which the proposals of the interim Ministry pale into insignificance.

My Committee cannot understand what has come over in a short of period of one year and six months to justify the Hon'ble the Finance Minister to make almost revolutionary proposals for taxation in a Province which, even at that time was over-taxed. My Committee were not prepared, indeed, for this.

As stated above, my Committee are in favour of having a prohibition programme, but they are opposed to pushing this programme in such a manner as will create a state of emergency in the Province. The Finance Minister at one place says that

> "This is, therefore, purely a question of proper adjustment of burden and not new taxation at all";

and that

> "the considerations which apply to added taxation as imposing new burdens on the people do not therefore apply to the very large part of taxation which we have to devise."

This is a line of argument which is both economically and financially entirely unsound. The Excise revenue was obtained certainly from the Province, but it was obtained from a very large number of individual consumers of wines and spirits and, that too, in an indirect manner. Those people, who wanted to have their drinks and were prepared to pay, paid the taxation, but the burden did not certainly fall directly upon the industry, as it is going to under the proposals enunciated. Having created a state of emergency by their efforts, Government are now proposing to push the two forms of taxation for meeting that state, and my Committee will deal with these two forms one after the other.

Property tax. Investment in property has been found to be one of the best forms of investment in the City, and the immense building construction going on for the last several years is a sign and symbol of the people, both rich and poor, having taken to this investment as, perhaps, safer than other forms of investment. Even investment in Government Securities has been found several times to be treacherous, as was

recently evidenced when rumours of a world conflict brought about a terrible decline in Government security prices. The healthy expansion of the City, for which Government and the Bombay Municipality have devoted crores of rupees, has now been achieved by people who have provided buildings for the City. It has got a healthy reaction upon industries also. In fact there is a very keen action and inter-action between the property market and the industries. The Finance Minister tries to institute a comparison between agricultural land and urban property to the detriment of the latter, when he says : "the immovable property in rural areas does not yield more than 3 per cent dividend and yet taxation there ranges between 20 to 50 per cent of the rental value. The Municipal as well as the other taxation will come just to about 21 per cent of the rental value of the property." He forgets that the taxation levied by the Bombay Municipality is about 18¼ per cent, including water tax, halalkore tax, etc., and this together with the 10 per cent proposed by Government will make it 28¼ per cent. The Finance Minister also says : "At least a part of the value of these properties is not traceable to the exertions or expenditure by landlords" ; implying thereby that there is an unearned increase which Government want to tax. So far as the experience of my Committee goes, the whole of the value of these properties is traceable to the exertions and expenditure by landlords, and there is very little unearned increase with regard to the Bombay properties. Landlords have to pay heavy amounts for their land, either in cash or as rentals ; pay for the constructions of the buildings, pay for the different amenities to their tenants, and pay all sorts of taxation ; and it is, therefore, not clear how there is any unearned increase with regard to these properties, when even at the present rate the landlords are not able to get more than 4 per cent return from the same.

This tax further trenches on the taxation sources available for the Bombay Municipality and other similar local bodies. Only last year, the Bombay Municipality hesitated to add half a per cent to the general tax, although they were greatly in need of additional revenue and at a stroke of the pen

Government are now adding 10% thereby preventing any future expansion in the revenues of the Municipal Corporation. This aspect must also be given adequate consideration. The Report of the Rent Enquiry Committee will evidently be published shortly. It is already hanging as a sort of a Damocles' sword on the heads of the landlords, and in the meanwhile Government are proposing this additional 10 per cent taxation, attaching to it a condition that no burden of this shall be passed over to the tenants paying less than Rs. 80 per month. It is also pertinent to point out that in several cases immovable property is mortgaged for purposes of business and industries and the interest payable on such mortgages must be taken into account in computing the return from the properties. Moreover, the new taxation will reduce the margin of income from property and mortgagees will, therefore, either ask for fresh margin or foreclose the mortgages, with the result that there would be a state of panic in the property market. It may also be brought to the notice of Government that a large number of buildings in the City yields revenue to certain big trusts and charities. Already on account of the decline in the rental value many of these charities have been compelled to reduce their grants to individuals and institutions and this additional taxation proposed by Government will accentuate the situation reducing the income of such charities and trusts and compel them to reduce their benefits of charitable schemes, entailing thus added misery upon so many poor people. There are many Co-operative Housing Societies in the City and the suburbs as well as in mofussil towns like Ahmedabad. Individual members of these Societies can become owners after a particular number of years. All these will be affected adversely by this new taxation. The income from properties being reduced, the capital value of such properties naturally also gets reduced automatically. There is thus at one stroke a considerable extent of capital shrinkage which is bound to react adversely on the credit available for the owners of such property. Shrinkage in credit will also inevitably follow. Instances have been mentioned to my Committee of proposals for advances on property pending decisions on the day of the

presentation of the Budget having immediately and automatically fallen through. Adequate consideration must also be given to the consequences of diminishing returns by such high rates of taxation.

Although this is referred to as a war measure, there is no indication, however, of its being in the nature of a temporary levy ; on the contrary, the Bill gives the taxation a definite life of 8 years and it is the invariable experience that taxes once levied under the stress of emergency factors, even when the emergency is removed, tend to become permanent.

Coming to the other item proposed, namely, Sales Tax on piecegoods, my Committee may be excused for reminding the Honourable the Finance Minister of his own words in the last year's Budget speech, when he said, "Even if we had everything our own way, the only commodity from the sale of which we could expect a fairly large revenue is piecegoods. But the Labour Policy which Government have adopted will make it difficult to put any new burdens on this product of our mills." Since then on account of the interim recommendations of the Textile Labour Enquiry Committee, the textile industry had to pay about a crore of rupees for additional wages and the same industry is now faced with the report of the Textile Labour Enquiry Committee which may make recommendations entailing still further heavy expenditure. The textile industry also will have to pay the 10 per cent Property Tax recommended by the Budget. In the face of all these, to propose 6¼ per cent tax on the sale of piecegoods is, my Committee are convinced, a serious blow at our staple industry. They also feel that such handicaps on our cotton textile industry may act indirectly to facilitate the entry of foreign piecegoods in this country—an eventuality to which Government are naturally strongly opposed.

My Committee have tried to understand the implications of the tax and its incidence in the Bill which has been introduced, viz., the Bill to provide for the levy of a tax on the sale of certain goods, but they are not still clear about the exact manner and method of the levy of taxation and its reactions. It appears that the tax will be levied upon traders

who will be required to take out licences. It is very well known that there are hundreds and thousands of traders who are dealing in piecegoods. Let alone the City of Bombay and the big cities like Ahmedabad and Sholapur, even in other cities and villages there are so many shops which besides stocking many other articles, stock piecegoods also for sale. Is it meant that all such shops should take out a licence ? This will be another form of taxation to which no reference was made in the speech of the Finance Minister. There are also thousands of hawkers in the province and all of them, it appears, will be required to take out licences. The hawker's existence is precarious and so is the economic existence of thousands of shops. Even Rs. 2|- every year paid by them as licence fee is an infliction upon them. Not only that, but this licence is evidently going to expose them to all sorts of petty harrassment, annoyance and inconvenience at the hands of Myrmidons of Government. It appears that the Collectors of Districts are going to be placed in charge of this work. Small traders who are more or less free from the attention of the Revenue authorities will now be brought under their curb and control as their accounts will be examined and if no accounts are kept, assessment will be fixed by the Collector, which means the Revenue authorities themselves. The penalties prescribed for non-observance of the provisions are, in the opinion of my Committee, atrocious, the penalty being extended upto Rs. 5,000 and in the case of continued contravention of the provision, the penalty may extend to Rs. 500 every day during the period in which such contravention continues. My Committee wonder if Government have taken note of the fact that this Bill, when it becomes an Act, will be applicable to every small town and village in the province and that thousands of poor traders will be coming under its clauses. Surely the Congress Government who have their active sympathisers with the underdog in villages will not allow this to come about. My Committee have upto now lodged their strong and emphatic protest against any and every encroachment of Government authorities on such little freedom as is left to traders and in this case also they raise their emphatic protest. How is it expected that these poor and illiterate

traders scattered in thousands of villages are to keep and maintain accounts in the form prescribed for the value of goods manufactured, produced or imported, sold or purchased by him and again they will have the necessary ability to submit statements to the Collector in such forms and such periods as may be prescribed? Failure to keep accounts will again entail a heavy punishment. There is also the very objectionable clause 11 empowering any officer to enter places where any trade is carried on. It was against a similar clause in the Income-tax Bill that my Committee strongly protested. In fact the effect of the new Sales Tax for piecegoods is going to penalise the industry, to inflict a very serious loss upon it, to set back its hands of progress as also to penalise and inflict needless harrassment upon a large number of traders and merchants.

Under these circumstances, my Committee object to these two forms of taxation proposed in the Budget, namely, Property Tax of 10 per cent and Sales Tax on piecegoods at 6¼ per cent.

The tale of additional taxation, my Committee are afraid, is not going to end with this year. In fact, already the Finance Minister envisages circumstances for the next year when he will have to find 140 lakhs by new taxation to make up the void created by completing the Prohibition programme. My Committee do not wish to deal with it at this stage but should like to give a warning that at the pace at which the taxation programme is now going on, the industries of the province will receive a blow from which it will be very difficult for them to recover. The Finance Minister has again repeated that "ours is the heaviest taxed Province in India" and that "our economic conditions are none too good" and yet he says "the two industrial cities in our Province will now be made to yield to their utmost capacity." My Committee can only express the hope—is it a hope against hope—that next year when the time comes for making the Budget statement, the Finance Minister will remember this sentiment, which he himself has expressed, and that he will stay his hands before proposing any further forms of taxation.

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APPENDIX 39

Bombay Sales Tax Act Licensing Provisions

Letter No. 1258, dated 24th May 1939, from Chamber to the Secretary, Government of Bombay, Department of Finance, Bombay.

The Committee of this Chamber have carefully gone through the draft rules published in the Bombay Government Gazette, dated 11th May 1939, in exercise of the powers conferred by Section 25 of the Bombay Sales Tax Act, 1939; and beg to send to you hereby their views on the same.

Before my Committee come to deal with the different rules, they should like to state that the term 'Licence' has a good deal of opprobrium attached to it in the eyes of our business people. They say that they are business people of standing, and many of them, as Government are well aware, are doing business which runs into five or six and even seven figures. To ask them to take out licences every year for dealing in piecegoods is something which, therefore, offends their self-respect. My Committee beg to suggest that if some procedure of registration only is adopted, without their being required to take out licences, the method may prove more acceptable.

The draft rules are based on the sections of the Act relating to licensing, and the other rules with regard to the method by which the tax proceeds have to be realised will be forthcoming evidently in near future. Our business people are extremely anxious as to what is going to be the nature of those rules. Upto now no one can say what particular shape the taxation is going to take, nor what is going to be the incidence of taxation. These are very delicate and complicate questions, and the sooner the business people are reassured on these questions, the better. My Committee would strongly suggest that in order to achieve this end, Government should call a Conference of the principal interests concerned, so that there may be good exchange of views and suggestions from responsible people may be placed before Government. There is a great necessity for removing the

atmosphere of anxiety and nervousness which at present prevails in business circles. My Committee trust that, with that desire to meet public opinion, which characterises the national Government, Government will be pleased to accept this suggestion.

Coming to the different rules, my Committee suggest that the rules should be called "Tax on manufactured cloth sold for consumption in the Bombay Presidency Rules."

Rule 2 (e). This sub-rule should be deleted. If a person or a firm has taken out a licence, *ipso facto* their manager or agent should be eligible for acting for them and there is no necessity whatsoever for getting such manager approved by the Licensing Authority. This sub-rule is likely to needlessly obstruct the business people, and my Committee, therefore, recommend that it should be deleted.

Rule 5. As mentioned in the preamble, my Committee are opposed to the term licence, and suggest instead that there should be merely registration and that such registration should be automatic upon application accompanying Rs. 2|.

Rule 6. This rule should read: "An application for registration as a trader shall be granted." As mentioned above, it should not depend upon the Licensing Authority to grant or refuse the licence; and so this rule should merely state that the application shall be granted.

Rule 8. With regard to renewal also, as soon as a person or a firm has paid Rs. 2|- the renewal should be effected. It may be said that under such circumstances, persons who have not submitted their accounts or paid their taxes will also claim to have the renewal. My Committee do not see any insuperable obstacle to such a course being taken. If any individual or firm has not satisfied certain requirements of the Act or the rules, the firm or the individual will be subjected to the usual penalties, and the cancellation of licence or the refusal of the renewal thereof should not be resorted to.

Rule 8 (2). The period for the application for renewal should not be one month before, but within 15 days after the date of expiry.

Rule 9. My Committee have already said that there should be no suspension or cancellation of licence. Subject to this opinion of theirs, they will say that if it has to be cancelled or suspended, a notice with reasons of at least three months should be given.

Form E. Regarding condition 3 in the licence prescribed for hawkers, the prohibition in respect of servants should not apply to servants engaged by the hawker to carry his load. The wording of the condition may be accordingly altered.

APPENDIX 40

Bombay Sales Tax on Cloth

Letter No. 2121, dated 14th August 1939, from Chamber to the Secretary, Government of Bombay, Finance Department, Bombay.

In connection with the correspondence ending with the letter from my Committee dated 24th May 1939, I am directed by the Committee of this Chamber to write to you further in regard to the *ad valorem* Sales Tax. So far as they understand the licensing provision rules which are published in the Bombay Government Gazette have been notified in order to collect information about all the piecegoods dealers and hawkers in the Province. The Sales Tax Act contemplated the levy of an *ad valorem* tax of 6¼% on the sale of manufactured cloth, the incidence of the tax falling on consumers. No rules, however, have been published in regard to this part of the Act and the commercial public is still entirely in the dark as to how this tax is to be levied and on whom exactly the incidence may fall.

In the meanwhile, my Committee have been considering this question in all its aspects and find that the feeling of the business community is very strongly opposed to the Sales Tax in the form in which it was proposed to be levied under Section 3 of the Bombay Sales Tax Act. It is true that this

form is still not clear and despite the fact that several commercial bodies have tried to have an idea of the exact form of this taxation, they have not got any light from Government. My Committee, however, have been sounding business opinion and find that dealers in piecegoods will prefer graduated registration fees to the *ad valorem* Sales Tax. Some such recommendations have already been forwarded to Government suggesting also the scale of fees to be charged. My Committee at this stage would not like to bring to the notice of Government the feeling on this question prevailing among the piecegoods merchants. They feel that graduated registration fees will be much better, both in their incidence, clarity and administration and ability of the people to bear, than the *ad valorem* sales tax, which is still vague in its incidence as also in the reactions to it which may follow later on. Under the circumstances, my Committee request the Government of Bombay to be pleased to approve of this suggestion.

With regard to the scale and the grades of the fees to be charged under this suggestion, if Government announce their intention of approving it, my Committee will send their suggestions regarding the exact fees and Government may by circularising the different commercial bodies, arrive at exact figures of fees which will suit the business community.

In this connection, my Committee would like to bring to the notice of Government, as they have already done in their previous letter, that the term 'Licence' has a good deal of opprobrium attached to it in the eyes of the business people and that, therefore, registration certificates should be issued instead of licences.

APPENDIX 41

Sales Tax — Licence for Manufactured Cloth

Letter No. 2515, dated 22nd September 1939, from Chamber to the Secretary, Government of Bombay, Finance Department, Bombay.

The attention of my Committee has been drawn to certain difficulties experienced by the merchants in the matter

of the interpretation of certain provisions of the Sales Tax Act and Rules thereunder in regard to licensing. Under Section 6 (1) of the Act every trader carrying on business in the sale or purchase of any kind of goods specified in the schedule shall obtain a licence for carrying on the trade. Manufactured cloth is one of the items specified in the schedule for the purpose of such licence. Manufactured cloth is again defined to mean as cloth manufactured by any process carried on by means of any form of energy which is mechanically transmitted and is not generated by human or animal energy. The above provisions are being very widely construed and dealers in leather and canvass goods, upholsters, cabinet makers, traders in holdalls and other articles made out of canvass are deemed to be traders in manufactured cloth and are required to take out licences and otherwise to conform to the provisions of the Act and the Rules in question. Such a wide application of the Act is sought to be justified on the ground that the explanation to Section 3 of the Act brings within the scope of the Act sale of goods by any trader who has purchased them from another trader to be a sale under the Act, although the goods may have been subjected to any manufacturing or other process before such sale provided such process does not in substance alter the form of such goods.

The Sales Tax and the system of licensing under the Act were primarily intended to cover sales of manufactured cloth as such and the interpretation now sought to be given to the term manufactured cloth with a view to covering all the articles in which cloth may have been used in some form or other would mean avoidable trouble and expenditure to a class of traders and merchants who are not primarily dealers in manufactured cloth. My Committee believe that it was not the intention of Government or the Legislature to give the licensing provisions such a wide application. In order, therefore, to remove any possible misunderstanding, my Committee suggest that instructions may be issued to restrict the scope of the licensing system to actual dealers and traders in

manufactured cloth as such. The continuance of the present position would mean a great hardship on the dealers of the type of articles mentioned above.

My Committee hope that Government will be pleased to consider the above suggestion favourably and issue the necessary instructions at an early date.

APPENDIX 42

Depreciation of Chinese Currency

Telegram dated 26th July 1939, from Chamber to Secretary, Department of Commerce, New Delhi.

The attention of the Committee of the Indian Merchants' Chamber has been drawn to the situation created by the collapse of the Chinese Dollar. This has led to a decline in the price of goods imported from China to India and consequently a sudden fall in the Indian prices of goods in respect of which competition from Chinese imports exists. For instance in the case of yarn, Committee understand that Indian prices have gone down by about ten per cent. Committee request that the Government of India will be pleased to give this matter their immediate attention and take such steps by the imposition of necessary countervailing duties or otherwise to counteract the effect of Chinese depreciated currency on Indian trade and industry. Committee request Government's early action in the matter.

APPENDIX 43

Renewal of Government Securities

Letter No. 470, dated 22nd February 1939, from Chamber to the Secretary, Government of India, Department of Finance, New Delhi.

I am directed by my Committee to address Government in the matter of renewal of Government Securities and place

all material facts connected therewith in view of the recent decision of the Privy Council reported in 65 Indian Appeals (The Secretary of State *vs.* The Bank of India, Ltd.), and which decision has gone contrary to the hitherto recognised practice and understanding of the public, who have invested or are desirous of investing their moneys in Government Securities generally and particularly of Bankers, Dealers and Brokers dealing in such Securities.

My Committee have given very careful consideration to the two judgments affecting this matter—the first being the Judgment of the Appeal Bench of the High Court of Bombay presided over by the Hon'ble the Chief Justice and another Judge which confirmed and gave judicial recognition to the general understanding of the investing public and the second being the decision of the Judicial Committee of the Privy Council which introduced an implied indemnity from the person who obtained a renewal of a Government Promissory Note in place and stead of an old piece of Government Paper.

In order to fully appreciate the far-reaching effects of the Judgment of the Privy Council, it becomes necessary to deal in detail with the history of the legislation affecting Government Securities. In the year 1886 the then Government of India passed an Act known as "The Indian Securities Act of 1886" with a view to consolidate and amend the law relating to Government Securities. It may be stated at the outset that Act did not contain provisions similar to the provisions of Sections 12, 16 and 21 of the subsequent Act of Government, namely, "The Indian Securities Act of 1920." In some quarters it was then believed, though not stated in so many words in the Act that Government had an implied indemnity from the person who obtained the renewed Promissory Note in place and stead of the old one. The position as regards Government Securities prior to the passing of the Act of 1920 and in particular Section 16 as my Committee see it, was that a holder of Government Security was liable for any defect in the title thereto even though such defect existed in respect of a previous Promissory Note which had been renewed. As

such a holder was obviously unable to scrutinise such endorsements, Government considered the position inequitable and the Securities Act was amended so as to ensure that the holder of the renewed Note would not be under any liability or disability in respect of such renewed Note. Section 16 of the new Act of 1920 constituted a renewed Note a new and separate contract in exactly the same way as when a Loan of one issue was converted into a new Loan. It is interesting to note that in the report of the Select Committee on the Bill introducing the new Act the following observations appear :

"Many of the authorities consulted on the Bill have expressed an opinion that where Government Promissory Note is renewed after due enquiry, the holder of the renewed Note should be given a *clean title*."

Section 12 of the new Act therefor provides :

"12. Subject to the provisions of section 13, a person claiming to be entitled to a Government Promissory Note may on applying to the prescribed officer, and on satisfying him of the justice of his claim and delivering the promissory note receipted in the prescribed manner and paying the prescribed fee, if any, obtain from such officer a renewed promissory note *payable to him* :

Provided that, when application is made for the renewal of a Government promissory note which appears to the prescribed officer to stand in the name of a deceased member of a Hindu undivided family governed by the *Mitakshara* law, a renewed promissory note shall not be issued to the applicant unless he furnishes a certificate signed by such authority and after such inquiry as may be prescribed to the effect that the deceased belonged to a Hindu undivided family governed by the *Mitakshara* law, that the promissory note formed part of the joint property of the family and that the applicant is the managing or sole surviving male member of the family."

Section 13 runs as follows :

" 13. (1) Where there is a dispute as to the title to a Government Promissory Note in respect of which an application for renewal has been made, the prescribed officer may—

(*a*) where any party to the dispute has obtained a final decision from a Court of competent jurisdiction declaring him to be entitled to such note, issue a renewed note in favour of such party, or

(*b*) refuse to renew the note until such a decision has been obtained, or

(*c*) after such inquiry as is hereinafter provided and consideration of the result thereof, declare by order in writing which of the parties is in his opinion entitled to such note and may, after the expiration of three months from the date of such declaration, issue a renewed note in favour of such party in accordance with the provisions of section 12 unless within that period he has received notice that proceedings have been instituted by any person in a Court of competent jurisdiction for the purpose of establishing a title to such note.

(2) For the purpose of the inquiry referred to in subsection (1) the prescribed officer may himself record, or may request the District Magistrate to record or to have recorded the whole or any part of such evidence as the parties may produce. When such request has been made to the District Magistrate, such Magistrate may himself record or may direct any Magistrate of the First Class subordinate to him or any Magistrate of the Second Class subordinate to him and empowered by general or special order of the Local Government in this behalf, to record the evidence and shall forward a copy thereof to the prescribed officer.

(3) The prescribed officer or any Magistrate acting under this section, may if he thinks fit, record evidence on oath."

Section 16 provides :

" 16. (1) When a renewed Government Promissory Note has been issued under section 12, or a new Government Promissory Note has been issued upon conversion, consolidation or sub-division under section 15 in favour of any person, the note so issued shall be deemed *to constitute a new contract between the Government and such person* and all persons deriving title thereafter through him.

(2) No such renewal, conversion, consolidation or sub-division shall affect the rights as against the Government of any other person to the security or securities so renewed, converted, consolidated or sub-divided."

Section 21 provides :

" 21. Notwithstanding anything in sections 10, 12, 13 or 15, the prescribed officer may in any case arising under any of those sections

(*i*) issue a duplicate or renewed security or convert, consolidate or sub-divide a security or securities upon the applicant giving the prescribed indemnity against the claims of all persons claiming under the orginal security or under the security or securities so renewed, converted, consolidated or sub-divided, as the case may be, or

(*ii*) refuse to issue a duplicate or renewed security or to convert, consolidate or sub-divide a security or securities unless such indemnity is given."

My Committee desire to draw particular attention of Government to the provisions of Section 21 of the new Act, which for the first time laid down in express words that the officer issuing a duplicate or renewed security was entitled to ask for an indemnity in the prescribed form. It is submitted that the burden of scrutinising all the endorsements on the promissory note which was submitted for renewal was thrown on the officer and if after due enquiries he was satisfied that everything was in order, and issued the renewed piece, then

the matter, so far as the person obtaining the renewed note was concerned, was, once and for all, definitely settled.

It will be seen that having regard to the changes made in the Act of 1920, the investing public were led to believe that on renewal, the holder of a Government Promissory Note, got a good title, and a new contract as a matter of fact was formed between such holder and the Government and all defects, if any, in the endorsements in the old Promissory Note were cured by the Government issuing the renewed Promissory Note. That, this impression of the public is correct and justified is supported by paragraphs 36, 42, 59 and 60 of the Guide for Investors in Government Securities issued under the authority of the Government of India in 1922 which run as follows :

> "36. The Government of India are responsible for payment of interest to the actual owner of the note. As the ownership of a promissory note is transferable by mere endorsement, it is necessary, in the interests of both—the Government and holders,—that endorsements should be scrutinised carefully by the officers making payment of interest, in order to see that payment is made to the right person or to his duly authorised agent. It is not merely the last endorsement which needs scrutiny ; the note may have changed ownership several times and, although the last endorsement may itself be in proper form, and the last endorsee's title good as against that of the next preceding owner, the latter's title may itself be defective, by reason of some legal defect in earlier endorsements. It is for this reason that Government officers have been instructed to refuse payment of interest unless all the endorsements are valid and unless these show that the person by, or on whose behalf, interest is claimed is the lawful owner of the note. In the particular case of payment of interest at treasuries, Treasury officers have been instructed that, if the endorsements are not in one of the recognised forms, or if there is any doubt as to the validity of any one of them or as to the ownership of the note, they should refuse payment of interest and instruct

the claimant to get the note renewed in his favour by the Public Debt Office, as described in Chapter VII. In Chapter VI an account is given of those endorsements which are recognised as valid and those which are either invalid, or whose validity is so doubtful that payment of interest will not be made until the Public Debt Office has been given an opportunity of examining the claimant's title."

"42. In paragraph 36 of the preceding chapter it was pointed out that endorsements on promissory notes are scrutinised carefully at treasuries and other Government offices in order to see that the person by or on whose behalf interest is claimed, is in fact the lawful owner of the note. Purchasers of promissory notes are recommended to take similar precautions and whenever there is any doubt as to the ownership of a note or the validity of any endorsements thereon, it should not be accepted until the vendor has had it renewed by the Public Debt Office; otherwise the purchaser may find that he has bought something which does not legally belong to the vendor and when he comes to present the note at a Government office for payment of interest or for repayment of the capital sum at maturity of the loan, he may find that Government will not recognise his own title to the note. The succeeding paragraphs in this chapter will show what endorsements can be accepted without question and those which should not be recognised."

"59. In the case of promissory notes renewal may be either optional or compulsory; in either case it is of considerable importance both to the Government and to the public. The importance arises from the fact that a renewed promissory note is an entirely new contract with the person in whose favour it is issued. Consequently, if the old note is not properly discharged, both the old and the new contract remain in force. The holder of a note may, indeed, receipt or discharge it for renewal and get a new note in his own name, but if he is not the person who has power and right to discharge the old

note, there will still be claims on Government under it, independently of those under the new note, that is, both will be in legal force at the same time, as the mere issue of a new note does not cancel the old. The Public Debt Office, therefore, is careful not to issue a new engagement until it is satisfied that the cancellation of the old one is in proper legal form and that the person who has receipted it for renewal is legally qualified to discharge Government from all liability thereunder."

"60. The fact that renewal gives a clean title to a note makes the right to claim renewal, that is, to have Government's obligation to the holder admitted and declared, an important one. A person who receives a note may be to some extent doubtful of the validity of the chain of endorsements, but by receipting it for renewal he can always raise the question and have it decided. Similarly, from the point of view of the interests of Government, when a note is presented at a treasury or at any other Government office and when there is any question as to the validity of the endorsements thereon or as to the ownership of the note, it is obviously desirable that the Public Debt Office should have the opportunity which renewal affords of examining the title to the note before any act is done which binds Government to admit the holder's ownership It is for this reason that Treasury Officers have been instructed to refuse to pay interest whenever any of the endorsements are other than such as can be accepted without question, as set forth in Chapter VI. Treasury and other Government officers who receive notes by endorsement will, therefore, unless the validity of the endorsements is clear and beyond question, have the title to such notes tested by the Public Debt Office by requiring the holder to apply for renewal."

My Committee particularly draw the attention of Government to the following portion of paragraph 36 which has been quoted above in extenso :

"In the particular case of payment of interest at treasuries Treasury Officers have been instructed that if the

endorsements are not in one of the recognised forms or if there is any doubt as to the validity of any one of them or as to the ownership of the note they should refuse payment of interest and instruct the claimant to get the note renewed in his favour by the Public Debt Office as described in Chapter VII."

My Committee would also like to draw attention to the last portion of paragraph 59 quoted above, which states that "the Public Debt Office, therefore, is careful not to issue a new engagement until it is satisfied that the cancellation of the old one is in proper legal form and that the person who has receipted it for renewal is legally qualified to discharge Government *from all liability* thereunder."

The subject is further clarified by paragraph 60 quoted above, which distinctly states that if a person who receives a Note is to some extent doubtful of the validity of the chain of endorsements, on receipting it for renewal, he can always raise the question and have it decided. The paragraph further states that it would be obviously desirable that the Public Debt Office should have the opportunity which renewal affords of examining the title to the Note before any act is done which binds Government to admit the holder's ownership.

All these provisions clearly show that Government were fully aware of the difficulty of verifying the endorsements by members of the public or by the Treasury Officers who are asked to pay interest, and the requirements for getting the Government Papers renewed by the Public Debt Office go to show that the burden of making due and proper enquiry was thrown on the Public Debt Office and once the title to the Government Paper was tested by the Public Debt Office and a renewed piece was handed over to the holder, such renewed piece gave a clear and undisputed title.

The view of the public was further strengthened by paragraphs 35 and 40 of the Government Securities Manual issued by the authority of the Government of India in 1921 which run as follows :

"35. Government is responsible for the payment of interest to the actual owner of the note. As the ownership of a note is transferable by mere endorsement, it is of great importance that before paying interest, Treasury Officers should scrutinise endorsements carefully in order to satisfy themselves that the person by whom or on whose behalf payment of interest is claimed, is the lawful owner of the note. It is not merely the last endorsement which needs scrutiny; the note may have changed ownership several times and although the last endorsement may itself be in proper form, and the last endorsee's title good as against that of the next preceding owner, the latter's title may itself be defective, by reason of some legal defect in earlier endorsements. The Treasury officers should, therefore, be careful to satisfy themselves as laid down in clauses (2) and (3) of paragraph 36 that all the endorsements are in order and they, as well as all other Government officers who have to handle Government securities in their official capacities, should familiarise themselves with the main facts, regarding the legality of various kinds of endorsements set forth in Chapter V. In all doubtful cases or in cases which do not appear to be fully covered by these instructions, Treasury Officers should refuse to pay interest and should refer the case to the Public Debt Office."

"40. In paragraph 35 of the preceding chapter it was pointed out in connection with the payment of interest that endorsements on promissory notes should be scrutinised carefully in order to see that the person by or on whose behalf interest is claimed is in fact the lawful owner of the note. There are other occasions besides payment of interest on which Government officers both Treasury Officers and others, have to deal with promissory notes. Thus notes may be deposited at any treasury for safe custody or presented for repayment of the principal or they may be held as security for the due performance of a contract, etc. In all such cases the same precautions should be taken and whenever there is any doubt as to

the ownership of a note or the validity of any endorsement thereon, the officer concerned should refuse to accept it, and should direct the presenter to get it renewed. Before renewing a note and issuing a fresh note in favour of the applicant the Public Debt Office carefully tests the latter's title and as that office by reason of its experience in such matters is the authority best qualified to pronounce an opinion on any question of title or on the validity of any endorsement, it is obviously desirable that Government officers should not take the responsibility of accepting a note or of recognising its ownership unless the title of the presenter is clear and indisputable. The rules in this chapter will show what endorsements can be accepted without question and those which should not be recognised."

It is submitted that the provision of the new Act as interpreted by the rules above quoted make it the duty of the prescribed officer to consider and investigate the title of an applicant for a renewed note and once a renewed note was issued after due investigation it could not lie in the mouth of the Government to say that notwithstanding the handing over of the renewed note to the holder, the Government was still entitled to an implied indemnity from him in case it was discovered afterwards that the applicant got his title to the old note under a forged endorsement. Section 21 of the Act gave power to the Officer to ask for an indemnity but if the officer did not consider or find it necessary to ask for such indemnity from the applicant then it is submitted that the Government would not be entitled at a later stage to say that there was an implied indemnity from the holder of the renewed security. It was with the very object of setting at rest the doubts which existed in the mind of the public as regards this implied indemnity that the new Securities Act of 1920 was passed and particularly Section 21 relating to indemnity was introduced and the Guide Book containing the above quoted paras was issued by Government for the information and guidance of the public.

Their Lordships of the Privy Council have on a construction of the relevant sections of the Act come to the conclusion that Section 21 had not the effect of abrogating the implied right of indemnity existing under the Act of 1886. Their Lordships considered Section 21 as giving an added statutory right which was stated to be different from and not in any way inconsistent with the common law right of implied indemnity. They further held that Section 21 if construed, as it was by the Learned Judge, would put the burden of the risk on Government unless in every case the officer exacted the statutory indemnity under Section 21. Their Lordships further held that such a course would impose a serious and unnecessary burden in the course of renewing those notes which practice is in constant use and is to be facilitated and not obstructed. It is respectfully submitted that these conclusions of their Lordships of the Privy Council are inconsistent with the various provisions of the new Securities Act of 1920 particularly Sections 16 and 21 and particularly the representations made in paragraphs 36, 42, 59 and 60 of the Guide Book for Investors in Government Securities issued in 1922 and paragraphs 35 and 40 of the Government Securities Manual issued in 1921.

From the judgments of the Appeal Court and also of the Privy Council it appears that the above paragraphs of the Guide Book and the Manual were not considered at all.

My Committee respectfully submit that it was not right or proper for the Government represented by the Secretary of State for India in Council to have taken up an attitude which was inconsistent with and contrary to the representations made in the aforesaid paragraphs of the Guide Book and the Manual read with the various sections of the new Securities Act and which had for all these years created an understanding in the mind of the investing public that once a renewed Promissory Note was issued after all due enquiry by the prescribed officer, there was a final and completely new contract between Government and the holder of the said renewed Security and the matter was once and for all settled.

My Committee feel that in view of the judgment of the Privy Council dealings in Government Securities would be made very difficult both for the brokers and for the investing public and if the law as propounded by the Privy Council is allowed to stand, my Committee are afraid that investment in Government Securities will not be attractive to the investing public. My Committee further submit that dealings in Government Securities will be restricted and their popularity and negotiability diminished to a very considerable extent. Even the Banks who handle Government Securities by way of investment loans or otherwise would naturally hesitate in their dealings with such Securities.

My Committee, therefore, respectfully submit that Government should bring forward at an early date legislation for amending or modifying the Indian Securities Act of 1920 by definitely laying down that beyond Section 21 of the Act which provides for indemnity there is no right of implied or any indemnity which is sought to be given to Government under the aforesaid decision of the Privy Council.

Letter No. D|1724-F., dated 20th March 1939, from the Secretary, Government of India, Finance Department, New Delhi, to Chamber.

I am directed to reply to the representation on the above subject contained in your letter No. 470, dated the 22nd February 1939.

2. Government's opinion as regards the legal position of renewed Government promissory notes having been confirmed by the Judicial Committee of the Privy Council it does not appear that any useful purpose would be served by further discussion of it. I am to invite your Chamber's attention to the answer given by the Hon'ble the Finance Member to a question by Mr. Manu Subedar on this subject in the Legislative Assembly on the 18th February last. Government cannot accept a position where they would assume full liability in respect of notes which had been renewed, and attention is invited to the following extract from the Hon'ble Member's answer :

"This (the issue of a new note free from any defects in the old one), however, does not mean that the party who has endorsed the old note on to Government will not continue to be subject to the ordinary liability of a party who has passed on a negotiable instrument with a defective title or no title at all, and Government naturally retain the ordinary right to claim against such a party. It is quite obvious that Government could not accept a position where they would assume full liability in respect of such notes as this would open the way to extensive malpractice and collusion."

The point which requires emphasis in connection with the suggestion of your Chamber is that if Government were to forgo their right of action against a holder who acquired title through a forged endorsement the way would be opened for the practice of frauds on a widespread scale with no right of recovery open to Government. Government are, in effect, asked to guarantee the validity of all endorsements on Government Promissory Notes which are accepted for renewal. In practice, the Public Debt Offices are clearly not in a position to verify the correctness of all endorsements. To do so they would, *inter alia*, have to keep records of the specimen signatures of all parties who are likely to be endorsers of G. P. Notes ; this is obviously impossible. All that they are in a position to do in the majority of cases is to verify that the endorsements are *prima facie* in order and after doing so Government are prepared to issue a new note free from any defects in the old one. In so doing, Government rely on the right, inherent in a negotiable instrument in the form of a promissory note, of action against any holder who acquired the old note through a fraudulent endorsement.

3. Government cannot, therefore, realise from the position which they have taken up as indicated in the Hon'ble the Finance Member's answer and, therefore, if the suggestion made by your Chamber were adopted, Government would be obliged, in order to maintain the protection which they enjoy at present and which they consider to be essential, to require an indemnity to be given in respect of every

renewal of a Government Promissory Note. This they do not consider a practical proposition. In the first place, it would be, from the point of view of a holder of Government Promissory Notes, no improvement on the existing position; and secondly, while in the case of large dealers in Government securities, such as banks and insurance companies, it would be possible for them to arrange for a continuing general indemnity, instead of a separate indemnity in respect of each note renewed, it would be an undoubted hardship and disadvantage to small holders who would be put to the trouble and expense, on each renewal, of obtaining an indemnity satisfactory to Government.

4. It remains, therefore, only to examine from a practical point of view the position resulting from the elucidation of the question of liability by the Privy Council judgment. Government are of opinion that the difficulties, if indeed such exist in practice, have been greatly exaggerated. The practical steps which a purchaser of Government Promissory Notes can take to protect himself were indicated in the reply of the Hon'ble the Finance Member to the question in the Assembly to which a reference has been made above. I quote below the relevant portion:

> "The remedy in the hands of Banks and other dealers also seems plain. They should as in the case of other negotiable instruments, take reasonable precautions that the previous endorsee is a party of standing or one known to them, and insist in other cases, if there is any element of doubt, that the scrip should be renewed before they take it, in which case they will be fully protected so long as they take the simple precaution of satisfying themselves that the party selling them the note is the actual party in favour of whom the note was renewed."

5. It has been pointed out that the procedure proposed in cases where the purchaser of Government Promissory Notes is in doubt will involve hardship because it will prevent "over-the-counter" purchases of securities from unknown parties by dealers. This, however, is a difficulty inherent in the particular form of security which has achieved the greatest

popularity in India, viz., the Government Promissory Note. The only form of security which is suitable for such 'over-the-counter' dealings with unknown parties is obviously a fully negotiable instrument payable to bearer where ownership passes by delivery against payment. Government have in the past made bearer bonds, which conform to these requirements, available in respect of some of their loans, and in fact such bonds are now obtainable in respect of the $3\frac{1}{2}$ per cent Paper and the 5 per cent 1945-55 (tax-free) loan. There has, however, been no demand for this form of security for many years and it is for this reason that bearer bonds have not been made available in respect of subsequent Government loans. The reason for the lack of popularity is undoubtedly the difficulty of keeping such bearer documents in safe custody and the risk and trouble attendant on drawing interest; the advantage which they enjoy from ready negotiability is obviously a disadvantage from the point of view of safe keeping. If, however, a genuine demand for bearer securities were in evidence on a reasonable scale Government would be willing to give consideration to the question of making this form of security generally available.

6. Another form of security which is free from the difficulties as regards fraudulent endorsement inherent in the Government Promissory Note is the Stock Certificate. As was indicated by the Hon'ble the Finance Member in an answer to a further question in the Assembly recently, steps have been taken from time to time to encourage the use of this form of security in place of the promissory note because of the advantages which attach to it by reason of the fact that every transfer of ownership must be registered at a Public Debt Office and each separate transfer is, therefore, subject to detailed scrutiny. It is evident, however, from the poor response which followed from Government's efforts to popularise Stock Certificates that the ordinary investor prefers to retain his security in a form transferable without resort to the Public Debt Office. Stock Certificates are available in respect of all Government loans but their use is, of course, a matter entirely for holders, and apart from bringing

the advantages of this form of security to the notice of the public, which has already been done, it is difficult to see what further steps can be taken by Government to popularise their use.

7. In conclusion, I am to say that though Government do not consider the suggestion of your Chamber to be a practicable one for the reasons which have been indicated, they are anxious to do anything in their power to improve the marketability of their securities consistent with safeguarding the interests of the revenue and would welcome any practicable suggestions with regard to alternative forms of security.

Letter No. 1149, dated 10th May 1939, from Chamber to the Secretary, Government of India, Department of Finance, Simla.

I am directed by my Committee to acknowledge receipt of your letter No. D|1724-F., dated the 20th March 1939, on the above subject, and in reply to say that my Committee are disappointed that Government have not chosen to reply in detail to the various points raised by them in their letter.

My Committee had drawn the attention of Government to the several statements made by Government in the Guide Book for Investors and in the Government Securities Manual which led the public to believe that by renewing a promissory note the holder was entitled to be sure of his title to the same. My Committee had on page 14 of their representation observed as under :

> "My Committee respectfully submit that it was not right or proper for the Government represented by the Secretary of State for India in Council to have taken up an attitude which was inconsistent with and contrary to the representations made in the aforesaid paragraphs of the Guide Book and the Manual read with the various sections of the new Securities Act and which had for all these years created an understanding in the mind of the investing public that once a renewed Promissory Note was issued after all due enquiry by the prescribed Officer, there was a final and completely new contract between

Government and the holder of the said renewed Security and the matter was once and for all settled."

Government should have either accepted this position or controverted the statement. Instead of this, they have merely stated that the legal position "having been confirmed by the Judicial Committee of the Privy Council, it does not appear that any useful purpose would be served by further discussion of it." My Committee feel that Government have not been fair to investors in Government Securities and to the commercial community in disposing of the question in such a manner, and will be obliged if Government will be good enough to give a clear reply whether the statements and representations made under their authority in their Guide Book and Manual are binding upon them or not.

In paragraph 6 of your letter you observe that another form of security free from the difficulties as regards fraudulent endorsement is the Stock Certificate and that the use of this form of security may be encouraged. I am directed to enquire as to whether under the Rules and Regulations in force for that Certificate the title thereto of the holder in due course is absolute and whether at all similar difficulties in regard to fraudulent endorsements in the past may not arise in that case also.

My Committee will be obliged if Government will be good enough to give detailed information regarding the legal rights of the holder in respect of such Stocks.

Letter No. D|5793-F|39, dated 9th September 1939, from the Secretary, Government of India, Finance Department, Simla to Chamber.

I am directed to reply to your letter No. 1149, dated the 10th May 1939, on the subject noted above.

2. The Guide Book for investors merely attempts, in informal language, to make it clear that by renewal the party obtains a clear title to the renewed note itself, a title which section 16 of the Indian Securities Act, 1920, gave him and which he could not claim before. This has never been disputed by Government but the Guide Book says nothing about

relieving the renewer from his personal liability to Government.

3. As regards Stock Certificates, they are not negotiable instruments and there are consequently no special provisions in the Indian Securities Act relating to them. They would, therefore, appear to be governed entirely by the ordinary law relating to the transfer of property. In practice, as witnesses are required for the transfer and as each holder is separately recorded in the Public Debt Office, there would appear to be much less opportunity for fraud. On the other hand, it cannot be said to be entirely absent, and in cases in which a party purchases Government loans in the form of a stock certificate through a broker without coming into direct contact with the transferor, there is undoubtedly the possibility of fraud, or other causes of invalidation ; though, of course, it would be the duty of the brokers to see that the transaction was in order.

APPENDIX 44

Indo-British Trade Agreement

Telegram dated 24th March 1939, from Chamber to the Secretary, Government of India, Commerce Department, New Delhi.

The Committee of the Indian Merchants' Chamber consider the new Indo-British Trade Agreement as extremely unfair, unjust and invidious. Looking to the importance of the agreement it should have been made available to the Chambers of Commerce and other representative institutions in sufficient time to enable them to study the questions dealt with by the agreement. The Committee consider it a matter of great regret that Government after having appointed unofficial advisers have chosen to shelve their advice and their suggestions and drawn up a new agreement with the British Government. Such an agreement should always be based upon the principles of a fair *quid pro quo* an element which is found to be mainly lacking here.

The main fulcrum on which the whole agreement rests is the portion relating to cotton and cotton piecegoods. The unofficial advisers considered that as against a minimum offtake of cotton of 650,000 bales rising to a maximum of 1,000,000 bales India might allow imports of piecegoods from Lancashire a minimum of 200 million yards rising to a maximum of 400 million yards. With regard to the minimum and maximum in both these cases the position in the agreement has now changed vastly. The offtake of cotton has now been proposed at only 500,000 bales rising upto 600,000 and for piecegoods the minimum is proposed at 350 million yards rising upto a maximum of 500 million yards. Not only this but if the offtake of cotton exceeds 750,000 bales a further reductioin in the rate of duty charged on printed cotton piecegoods is also agreed to and what is more Lancashire is given a bonus of an additional 25,000 yards printed goods over the maximum. With regard to piecegoods again if Lancashire cannot sell 350 million yards the duty has to be reduced by two and a half per cent. The fundamental suggestion is that the basic duty on prints is to be reduced from 25 to 17½ per cent and on other goods from 20 to 15 per cent and a further reduction in the rates is agreed to both in case the offtake of cotton goes more or the intake of cotton piecegoods goes less. The arrangement proposed on the whole appears to my Committee to be entirely against the interests of the Indian cotton textile industry. My Committee protest against the fundamental assumption that Lancashire has an inherent right to an additional quota in the imports of piecegoods into this country. The natural ideal of India is to be self-contained country specially with regard to cotton textiles which position is now established that she can produce not only to satisfy the requirements of the whole country but even export outside. With regard to cotton offtake by Lancashire it seems ridiculously small as compared with the offtake by Japan. For instance under the Indo-Japanese Trade Agreement, Japan takes one million bales as against the quota given to Japan of exporting 283 million yards. The offtake of cotton stipulated for the United Kingdom is even less than what has been the normal figure in recent years while the minimum import of

cotton piecegoods is much more than the normal in recent years. So, on both sides, whether export or import, India stands penalised. The cotton textile industry has been hit on all sides. The recent import duty on cotton has brought about a critical situation which would be accentuated if this agreement were to go through and my Committee strongly suggest that countervailing duties should be imposed against the imports of piecegoods and yarn as a set off against this duty on cotton. They also suggest that if any State help is given to the British cotton textile industry by His Majesty's Government the Government of India should have powers to counteract the effects of such State help by either increasing the duty or taking such other measures as may be deemed necessary and suitable. It must be remembered that Lancashire was always insisting while the negotiations with unofficial advisers were going on on a basic duty of eleven per cent. This was strongly opposed by the unofficial advisers and that position was not apparently pressed afterwards. But a too generous a Finance Member has given to Lancashire in the shape of this import duty through a back door a concession which practically amounts to giving Lancashire what it wanted before, namely eleven per cent.

Much is said about the so-called benefit to the Indian agriculturists. As a matter of fact Lancashire has been taking and will take only long staple cotton which suits its peculiar requirements. The unofficial advisers insisted on the unanimous advice of representative of cotton growers that Lancashire should take 65 per cent of cotton quota of Bengals, Umras and other short staple varieties such as of C. P., Berar and Bombay being the short staple cotton in which the Indian agriculturists are mainly interested. There is however no provision for such short staple cotton in the agreement. While a reference is made to the minimum offtake of cotton to the extent of 500,000 bales it must be pointed out that the agreement has not provided anything in the nature of sanctions which would ensure this or any quantity being definitely taken for the matter of that Lancashire may not take any single pound of cotton and yet the Government of India will

have to await the consent of His Majesty's Government for taking any action against imports of piecegoods. Clause seven of the agreement should therefore be modified with a view to provide a guarantee for a minimum offtake of cotton. Expressions of opinion in sub-section two Article ten are more pious expressions of hope while the last sentence of that section imposes a particular obligation upon the Government of India to promote the long staple varieties of cotton. His Majesty's Government, however, are not committed to take any action beyond noting particular facts.

The definitions proposed for the cotton year and cotton piecegoods year in the agreement and the procedure prescribed for applying the provisions in regard to changes in duties would mean that the Government of India will have to wait for the completion of a particular cotton year before taking action towards making the corresponding changes in duties on textiles. My Committee consider the position unsatisfactory and are of opinion that Government should be possessed of powers to make these changes whenever they think it necessary in the interests of the textile industry. The benefit to the Indian agriculturists appears to my Committee to be more or less mythical. There is a vast difference between India and England as regards their particular requirements which is lost sight of. India herself is manufacturing cotton textiles and is in a position to satisfy her own requirement. England on the contrary does not produce cotton and is in dire necessity of depending on other countries for the supply of cotton she needs for her textile industry. In fact if the so-called precepts about discriminating protection laid down by the Fiscal Commission and by which the Finance Member of the Government of India is known to swear so much were to strictly apply to England she should not be allowed to have cotton textile industry in her midst at all. However as things stand while the *quid pro quo* have to be determined these facts should be taken into account.

It is stated in Section IV of the memorandum that the object in view was to devise a scheme which would meet the demand for lowering of the duty on British piecegoods

without involving injury to Indian interests. Surely it would be preposterous to suggest that what has been proposed in the agreement will not inflict any injury upon the Indian textile industry.

My Committee note the reduction on the import side of the preferential items from 106 to 20 involving a reduction in the value of trade enjoying the preference from 18 crores to 8 crores while the existing preference on Indian exports are mostly retained. In connection with this it must not be lost sight of that England has got invisible exports in the shape of services and banking and insurance and shipping charges which enormously increase the balance of trade in favour of England. Not only this but under the Government of India Act there are the so-called commercial safeguards which have provided to give only one instance that a British company registered in England has *ipso facto* to be considered as registered in India with the fullest and freest latitude for British companies to start their factories and other operations in this country. While any trade agreement is being entered into between two countries all such factors must be taken into consideration and attention cannot be concentrated on a few stray items however big they might be. Side by side with this reduction in the items my Committee note that a new item in the shape of fents has been added on to the preferential list. This will be a further handicap to the textile industry as cut pieces of British piecegoods will be coming in through this loophole.

Regarding the extent of these general preferences my Committee cannot help pointing out that the figures in respect of them have been presented in the official memorandum of the Government of India in a misleading manner. It is given out that as against preferences accorded by India to imports from United Kingdom on a trade of the value of about eight crores India is getting preference in U. K. on a trade of the value of over 36 crores. The facts presented by these figures are half-truths and therefore worse than misstatement. In the first place in the import side of eight crores account is not taken of the trade covered by the differential

duties already existing in respect of textiles and iron and steel. If these items are also included the import trade covered would be in the neighbourhood of 20 crores. Moreover it must be remembered that in the matter of the textiles while the standard duty remains at the high figure of 50 per cent the Lancashire piecegoods will pay duty at the rate of 15 per cent excepting on printed goods thus enjoying a very high margin of preference of 35 per cent. In the export side it has been pointed out frequently that the effective preference is only in respect of goods worth about 6 crores. The rest of the trade are items some of which are already on the free list of the U. K. Tariff being free for all countries and most of the others are items in which the preferences are shared by India with Empire countries who are the competitors that is almost all the imports enjoy the preferential rate and at best India can only be said to have secured by the agreement most favoured nation treatment in respect of such articles. Even it has been readily admitted by all concerned that the preference in respect of the latter category of exports from India has only an insurance value and it is therefore wrong to include them in any calculation of the trade enjoying effective preference. The position therefore briefly put will be that as against a preference for an import trade of nearly 20 crores India will get effective preference for an export trade of nearly 6 crores. One can easily conclude as to where the balance of advantage goes.

My Committee have repeatedly said that they have not the slightest objection to any Indo-British Trade Agreement but such agreements should not be like the proposed Trade Agreement where the advice of the unofficial advisers has been shelved and where a few items have been taken for preference and protection.

There is one item in the memorandum which makes my Committee extremely nervous about the repercussion of the trade agreement even as regards the trade of India with non-British countries. There are certain revenue duties imposed upon the import of articles coming from foreign countries. It is now provided that in cases where preference to Great

Britain is done away with the Government of India will be at liberty to raise or lower the duties in the case of articles coming from foreign countries. The result will be my Committee are afraid that instead of the duties being increased the general level of the tariffs will be in the direction of lowering. While it is true that there are no protective duties on these articles, revenue duties serve to some extent the purpose of protection and it is a very dangerous power which is proposed to be placed in the hands of the Government of India more or less tinged by free trade that they should be empowered even to lower the duties if they like. My Committee feel that all articles for which there was British preference upto now and which is now proposed to be taken away should be charged with the higher duty. This will mean a great protection to small and cottage industries. A real and genuine trade agreement not in name only but in reality is possible when India is ruled at the centre by her own ministers. At present this is not the case and so instead of trying to push through an agreement which is not in the best interests of the country it is better not to insist on such agreement at present and let the popular ministry of the future at the centre enter into negotiations with the British Government and settle an agreement which will be in the best interests not only of Great Britain but of India also.

In conclusion it is the considered view of my Committee that the Indian Legislature should advise the Government of India not to accept the present proposals unless modifications in the following directions in accordance with the advice tendered by the unofficial advisers to the Government of India are agreed to by His Majesty's Government.

Preference enjoyed by the United Kingdom in Indian markets should be reduced to a figure of about three crores.

Suggestions regarding preferences to Indian exports in the matter of cigars, coffee, rice and wheat and the abolition of the drawback on linseed oil should be accepted.

The figures of minimum medium and maximum for imports of Lancashire piecegoods into India should be fixed at 200 and 300 and 400 million yards respectively.

The figures of offtake of Indian cotton should be raised to six and a half lakhs bales minimum with an objective figure of ten lakhs bales and also should be accompanied by a guarantee for 65 per cent of the same being of short staple variety.

The protection from discrimination demanded on behalf of Indian Insurance Companies and Indian Banking and Indian Representation on London Exchanges and the demand for facilities for apprentices from India for obtaining the necessary practical training in British factories should be ensured.

Lastly the question of securing effective opportunities for Indian shipping to have its entire coastal trade reserved for ships owned, controlled and managed by Indians and for an adequate participation in the overseas trade by that shipping should receive proper and active consideration as a part of this Agreement.

Telegram dated 27th March 1939, *from Chamber to the Secretary, Government of India, Commerce Department, New Delhi.*

Reference our telegram 24th conveying Committee's views Indo-British Trade Agreement please note that the figure 25,000 yards referred to as bonus to Lancashire over the maximum in case cotton offtake exceeds 75,000 bales should read 25 million yards. Please also omit reference to fents as an addition to the preferential list.

APPENDIX 45

Tariff Board Reports on Sugar, Paper and Magnesium Chloride Industries

Telegram dated 5th April 1939, *from Chamber to the Secretary, Government of India, Commerce Department, New Delhi.*

Committee Indian Merchants' Chamber have considered recommendations of Tariff Board and Government resolutions thereon regarding protection to sugar, magnesium

chloride and paper industries. Committee deeply regret that in all cases the measure of protection is to be reduced and in case of paper and sugar, period of protection is also reduced. Regarding sugar, Committee strongly protest against action of Government in disregarding even recommendations of the Board and reducing the margin of protection by eight annas for which there was no valid justification. Committee believe reduction will facilitate increased imports of foreign sugar thereby handicapping further progress of the industry. Committee also urge that export quotas for India in neighbouring markets should be obtained. Committee also deprecate the attack made by Government against the observations of the Board in regard to the effect of excise duty. Such attacks are bound to detract from the independence of the Board. Regarding magnesium chloride Committee regret that the Board should have recommended a reduction in rate of duty from 21 annas to 15 annas per cwt. but the action of Government in further reducing it to 13 annas cannot in any case be justified. This is a budding industry and introducing itself in foreign markets and further development of which is a matter of importance to the country. Proposals of Government in regard to paper are worse. In June last year rates of duties on wood pulp and paper were reduced by about 25 per cent and on the top Government are now proposing further reductions. Moreover protection is to be removed altogether from wood pulp and only ordinary revenue duty of 25 per cent *ad valorem* is to be levied. This step will retard the manufacture of Indian pulp and will amount to a direct inducement for using imported pulp thus defeating the object of developing pulp production in country. Reduction in duty on paper from 12 pies to 9 pies per pound is also unjustified and the reduction in the period of protection will retard further expansion fully to satisfy Indian demand. The proceeds from duty on account of increases in imports consequent upon reduction in these duties should have been taken into account in the budget. Committee feel disappointed that at a time when the whole country is pleading for a policy of more active industrialisation and adequate and intensive protection, Government should have thought it fit

to reduce and whittle down even the existing measure of protection for the above industries. These reductions therefore are detrimental to Indian interests and Committee strongly oppose them.

APPENDIX 46

Levy of a Countervailing Duty on Imports of Subsidised and Bounty-fed Articles, etc.

Letter No. 1721, dated 6th July 1939, from Chamber to the Secretary, Government of India, Department of Commerce, Simla.

Under Section 4 of the Indian Tariff Act, the Governor-General-in-Council is given power to alter the rates of protective duties, under certain circumstances, with a view to continuing to the Indian industry concerned the exact measure of protection contemplated by the Legislature. Again, under Section 8 of the Act, the Governor-General is given power to impose additional import duty on imports of bounty-fed articles. Having regard to the fact that in recent years the grant of bounty to encourage exports has been a regular feature in some of the foreign countries exporting manufactured goods to India, my Committee would like to have particulars of the instances and occasions, if any, on which the Government of India have had recourse to the powers under the above sections.

My Committee would also like to know if the export credit guarantees such as are given by the Export Credit Guarantee Act of 1937 of the United Kingdom will also come within the provisions of Section 8 of the said Act, and, if so, whether Government have considered the necessity of raising the duties on any articles, the export of which might have been facilitated by such credits.

My Committee would appreciate an early reply to this letter.

Letter No. 139-T(3)|39, dated 29th August 1939, from the Secretary, Government of India, Department of Commerce, Simla to Chamber.

I am directed to refer to your letter No. 1721, dated the 6th July 1939, on the above subject, and to furnish you with the following particulars in reply :

The provisions of the section 8 of the Indian Tariff Act, 1934, were first inserted in the corresponding Act in 1899, in order to enable the Government of India to protect the sugar industry of this country against large imports of bounty-fed sugar such as, during the previous two years, had been entering India and thereby causing many refineries to cease work. In pursuance of the above section the Government of India imposed countervailing duties from time to time on sugar imported into India from certain foreign countries. They have however had no occasion to take action under this section in recent years.

2. The provisions which have now been consolidated in section 4 of the Indian Tariff Act were first introduced in 1924, consequent on the passing of the Steel Industry (Protection) Act, 1924. The powers conferred by the section on the Governor-General-in-Council have been exercised on a number of occasions during recent years. In this connection attention is invited to the following Resolutions and Notifications issued by the Government of India in the Department of Commerce : Resolution No. 260-T (127), dated the 30th December 1930 and Notifications No. 260-T (127), dated the 30th December 1930 and No. 260-T (153), dated the 31st December 1932 ; Resolution No. 341-T (164), dated the 30th August 1932 and Notification No. 341-T (164), dated the 30th August 1932, Notification No. 341-T (8)|33, dated the 7th June 1933 ; Notification No. 341-T (33)|34, dated the 8th January 1934 ; Resolution No. 341-T (10)|36, dated the 25th June 1936 and Notification No. 341-T (10)|36, dated the 25th June 1936 ; Notification No. 341-T (5)|37, dated the 1st April 1937 ; Resolution No. 202-T (4)|38, dated the 25th June 1938 and Notification No. 202-T (4)|38, dated the 25th June 1938.

Copies of these were supplied to all recognised Chambers of Commerce.

3. With reference to the enquiry of your Chamber about the Export Guarantee Act, 1937, I am to observe that the Act in question has since been replaced by the Export Guarantees Act, 1939. Neither of the above Acts contains any provisions for the payment of bounties or grants such as are referred to in section 8 of the Indian Tariff Act.

Letter No. 2669, dated 9th October 1939, from Chamber to the Secretary, Government of India, Commerce Department, New Delhi.

I am directed to acknowledge the receipt of your letter dated 29th August 1939, No. 139-T (3)|39.

The instances to which the notifications referred to in para 2 of your letter relate to those of textiles principally ; as, as regards paper, the executive power was used to reduce duty and not to enhance it. There are instances, of which Government cannot be unaware, wherein some of the imported articles have been subsidised by the States from which they have been imported ; and yet no action appears to have been taken under these two sections. Thus, for instance, milk-powder has been recently allowed to be imported free of duty. No action, however, appears to have been taken by Government in regard to this. Imports of milk-powder have been held responsible in this country for a serious harm to the local dairy industry and to the development of indigenous cattle,—a question in which His Excellency the Viceroy has been taking so much interest. What my Committee suggest is that the Government of India may well have a permanent officer to examine all such cases of imported articles being unduly favoured by subsidies or other State assistance in their country and to recommend action thereon if found necessary.

There is also the case of Exchange dumping, where while there is no direct subsidy to the articles but their import is favoured in this country on account of the manipulation of exchange. Recently, my Committee drew the attention of Government to the situation arising out of the depreciation of

the Chinese Dollar, whereby imports at lower prices of Chinese yarn and fabrics were favoured. My Committee had also suggested the need for some action to counteract the effects of the proposed American subsidy on exports of cotton. So far, Government have not announced their intention of taking any action in the matter, though it has been amply proved by cotton interests that such bounty-fed cotton is bound to react, with disastrous effects, upon Indian cotton of different varieties, and to ruin the Indian agriculturist who is in none too happy a position since the last several years.

With regard to the Export Credit Guarantee scheme, if Government think that the provisions in sections 4 and 8 of the Tariff Act do not apply to articles getting benefit under the scheme, my Committee suggest that they should arm themselves with necessary powers, as practically there is no difference between the help which is given under the scheme and the help which is given by a direct subsidy ; at the most, the help given under the scheme may be called an indirect subsidy.

Letter No. 2957, *dated 9th November* 1939, *from Chamber to the Secretary, Government of India, Commerce Department, New Delhi.*

With reference to the correspondence ending with my letter dated 9th October, 1939, No. 2669, on the above subject, my Committee will be obliged if you will be pleased to send your reply to my letter mentioned above at an early date.

Letter No. 139-*T*(3)|39, *dated* 21*st December* 1939, *from the Secretary, Government of India, Commerce Department, New Delhi, to Chamber.*

I am directed to refer to the correspondence ending with your letter No. 2957, dated the 9th November 1939, on the above subject.

2. The Committee of your Chamber suggests that the Government of India should appoint a permanent officer to examine all cases of articles the import of which into India is helped by subsidies in the country of manufacture. The policy of the Government of India in this respect has been

to examine specific representations received in this behalf whether from the trade concerned or through official channels, and the appointment of a special officer has not been felt necessary so far.

3. You also cite certain instances of direct or indirect subsidisation. One of these refers to dried skimmed milk or milk powder, which has been exempted from import duty. I am to point out, however, that the object of the measure was to cheapen the price of the commodity to the Indian consumer, and the case has nothing to do with sections 4 or 8 of the Indian Tariff Act. With reference to the American subsidy on exports of cotton, I am to say, that the outbreak of war has radically altered the situation, but certain aspects of the case are still receiving the attention of Government. The effect of the depreciation of the Chinese dollar on imports of Chinese yarn and fabrics is also under the consideration of the Government of India. Regarding the export guarantee scheme adopted in the United Kingdom the Government of India are of the opinion that the main object of the scheme is to guarantee the United Kingdom exporter against loss and that in so doing, it does not operate as a means of subsidisation, either direct or indirect.

Letter No. 218, dated 25th January 1940, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

I am directed to refer to your letter No. 139-T (3)|39 of the 21st December 1939, which was duly considered by my Committee at their last meeting.

My Committee are of opinion that, instead of waiting for representations from the trade concerned, Government should themselves take the initiative and take such action as may be necessary in the direction of imposing additional import duty on imports of bounty-fed articles. Before the trade actually begins to feel the effects of such imports or has exact information of the action taken in other countries in the matter of grant of bounties or subsidies, some time would elapse. The object of, and the purpose to be served in regard to, the

provision for the levy of countervailing duties would be defeated or the effect thereof minimised if any such action is not timely. Government have their Trade Commissioners and representatives in most of the important foreign countries. Such Trade Commissioners and Agents should be instructed to report immediately to the appropriate department of Government any steps of the kind in question in the countries to which they are posted. Immediately on receipt of such information Government should examine the likely repercussions and forestall any advantages which might accrue to such imports by taking action under the powers vested in them as above. Government should not wait till some mischief had already occurred or till some disadvantage had been actually felt by the corresponding Indian industries.

In regard to the American Export subsidy on cotton and the effects of the depreciation of the Chinese Dollar you say that the matter is under the consideration of the Government of India. In the meanwhile, it is pertinent to point out that the subsidy has already been withdrawn in America. The very object of the legislature in vesting certain powers in the Executive to deal with any emergency is with a view to avoid delay. The purpose sought to be served of special powers will, to a large extent, be negatived by any such prolonged consideration. My Committee, therefore, venture to submit that any action on occasions of a similar character, to be effective, should be timely.

In this connection, my Committee regret that Government have not realised the adverse results of exempting dried skimmed milk or milk powder from import duty. It is observed in your letter that the object of the measure was to cheapen the price of the commodity to Indian consumers. The price has been cheapened no doubt, but the result has been that a vast quantity of the powder is now being used to adulterate milk, sweetmeats and other eatables and the cumulative effect of all this has been that poorer classes of people and their children are robbed of having any opportunity for getting good milk. It is extremely regrettable that, while efforts are being made by His Excellency the Viceroy to

improve the breed of cattle in this country and to ensure good and pure milk for the children of the land, such a tariff measure, as is likely to produce quite contrary results, has been adopted. The contention of my Committee was that exemption from import duty of milk powder is tantamount to subsidising it, and the observation in your letter that the measure has been introduced to cheapen the price for the consumers, appears to justify the said contention of my Committee. Under the circumstances, my Committee strongly and emphatically urge the withdrawal of the exemption so far as milk powder at least is concerned.

My Committee are unable to subscribe to, or agree with, the view that assistance under the export guarantee scheme in the United Kingdom does not amount to a means of subsidisation, direct or indirect. The exporters concerned are aided by the guarantees given in the prosecution of their export business and any state-aid, in whatever form it is given, adds to the competitive capacity of the beneficiary and, therefore, amounts to, from the point of view of the country into which they are imported, a means of subsidisation. The ultimate elimination of chances of bad debts or loss is a great advantage conferred by the scheme. My Committee, therefore, again suggest that if the existing powers under the Tariff Act would not permit of the levy of countervailing duties on goods getting benefits under the export credit guarantee, steps may be taken to have the Act amended providing for such powers.

My Committee, once again, request that this matter may be further considered and that the Government of India should take a vigilant attitude in regard to aids and assistance given by foreign countries which tend to facilitate imports of the products of such countries into India and take action forthwith to deal with the situation, as expected of them under the special powers vested in them by Sections 4 and 8 of the Indian Tariff Act.

Letter No. 139 *T*-3|39, *dated 9th February* 1940, *from the Secretary, Government of India, Commerce Department, New Delhi, to Chamber.*

I am directed to acknowledge the receipt of your letter No. 218, dated the 25th January 1940, and to say that the views of the Committee of your Chamber have been noted by the Government of India.

APPENDIX 47

Proposed Export Subsidy for Cotton by the U. S. A. Government

Telegram dated 10th May 1939, *from Chamber to the Secretary, Government of India, Department of Commerce, Simla.*

Committee Indian Merchants' Chamber are greatly perturbed at proposal of United States Government to subsidize their cotton for export. This will mean American cotton competing with Indian cotton and the Indian peasant already heavily affected will thus be a greater sufferer. Committee would like to suggest that immediately the subsidy is granted by the American Government the Government of India should adequately raise the import duty on all cotton of 15|16 inch staple and under and also increase the duty on all cotton and rayon yarn staple fibre and staple fibre yarn and cotton and rayon piecegoods imported into this country. Failing this suggestion Committee respectfully enquire if Government have any other alternative measure which appears more suitable to them so as to safeguard the interests of our agriculturists and the cotton textile industry.

APPENDIX 48

Inclusion of Hardened Coconut Oil in the Tariff-valued Head for Vegetable Products

Letter No. 2111, *dated* 12*th August* 1939, *from Chamber to Director-General, Commercial Intelligence and Statistics, Calcutta.*

Under item No. 20 of the Tariff Schedule a tariff-value is prescribed for Vegetable Product. Hardened Coconut Oil is, however, excluded from this heading and the tariff-value for vegetable product is not applicable to hardened Coconut Oil for purposes of assessment to duty. The above position will enable hardened Coconut Oil being imported into India at a rate of duty chargeable on Coconut Oil. The duty on Vegetable Product will be collected on the basis of a tariff-value of 8 as. per lb. (or Rs. 56/- per cwt.) while the duty on Coconut Oil is collected on the basis of Rs. 11-8 per cwt. Thus the duty payable on imports of Vegetable Product is much higher than that on Coconut Oil and if hardened Coconut Oil is allowed to be imported as Coconut Oil it will get in at a lower rate of duty. Coconut Oil can be hydrogenated and in that condition it does not differ materially from Vegetable Product. Therefore there is no justification or need to distinguish hardened Coconut Oil from Vegetable Product and to allow the import of the former at a lower rate of duty.

My Committee suggest that this anomaly should be removed by classifying hardened Coconut Oil along with Vegetable Product and prescribing the same tariff-value for both the products under a common tariff-value head.

Letter No. 13580-*CIC, dated* 30*th September* 1939, *from the Director-General, Commercial Intelligence and Statistics, Calcutta, to Chamber.*

With reference to your letter No. 2111 of the 12th August 1939, on the above subject, I write to say that from enquiries made I understand that hardened coconut oil is not assessed as coconut oil under Item No. 15 (7) but on *ad valorem* basis under item No. 20 or No. 21 (1) according as it is

imported canned or bottled or in bulk. It is not considered advisable to have a combined tariff value for both vegetable product and hardened coconut oil owing to the wide disparity in their prices and the comparatively negligible imports of the latter.

Letter No. 2861, dated 28th October 1939, from Chamber to the Director, Commercial Intelligence and Statistics, Calcutta.

I am directed to acknowledge receipt of your letter No. 13580|CIC, dated 30th September 1939. My Committee note that your Department does not consider it advisable to have a combined tariff-valued head for both vegetable product and hardened coconut oil owing to the wide disparity in prices and comparatively negligible imports of the latter.

My Committee would, however, suggest that in that case the difficulty about the disparity in prices can be overcome by having a separate tariff-valued head for hardened coconut oil and by prescribing a tariff value for the same. My Committee are given to understand that there are possibilities of large imports of hardened coconut oil in near future. In order, therefore, to remove any possible doubt and in order to make clear the amount of duty payable on imported hardened coconut oil, my Committee suggest that such a separate tariff-valued head for the same be introduced. They hope that the above suggestion will be accepted by Government.

Letter No. 14792-CIC, dated 8th November 1939, from the Director, Commercial Intelligence and Statistics, Calcutta, to Chamber.

With reference to your letter No. 2861 of the 30th October 1939, on the above subject, I write to say that imports of hardened coconut oil into British India will be watched by me and the question of assigning a tariff value to hardened coconut oil will be taken up for consideration if and when its imports become regular and appreciable in quantity.

APPENDIX 49

Facilities for the Public in the Custom House

Letter No. 2314, dated 1st September 1939, from Chamber to Collector of Customs, Bombay.

My Committee have received complaints that merchants and businessmen who have to go to the Custom House on business are very much inconvenienced by the lack of certain essential facilities. The hall in the ground floor of the Custom House is usually very much crowded between 10 a.m. and 3 p.m. There are no facilities in the matter of arrangements for sitting and clerks and agents of merchants who have to wait there on business naturally squat on the ground throughout the hall. Facilities provided for writing are also inadequate. The few desks that are provided are such that the writing must be done by writers standing up all the time.

There is one public telephone in the hall for the use of the general public on payment. The people who go there on many occasions have to get into touch with their officers or superiors for instructions and it is found that the telephone connection is kept engaged for the best part of the day and many people have to wait for a chance to get the connection. It is therefore suggested that another public telephone connection may well be provided in the hall.

My Committee hope that you will be good enough to consider the above complaints and to provide the necessary facilities so that merchants and their agents who have to go often to the Custom House will be facilitated in the discharge of their routine work.

APPENDIX 50

Interview with Mr. J. F. Sheehy, Member, Central Board of Revenue

Memorandum on the points for discussion with Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue, on Wednesday, the 12th July 1939, at 12 noon.

1. Rates of Depreciation under the Written Down Value Basis

The new system for the purpose of allowing depreciation on plant and machinery, etc., will necessitate a thorough modification of the rates prescribed for the purpose. When the Income-tax Bill was under discussion, it was pointed out to Government and the Select Committee that the rates under the new system should be so fixed as to cover at least 92 per cent of the assets during the same period as was allowed for the life of machinery under the rules in force under the old Act. This would mean that the rates to be prescribed would have to be considerably increased so that the same results might be achieved within the corresponding period. As this is an important matter my Committee have suggested to the Central Board of Revenue that Government should convene a Conference of all the interests concerned and discuss the rates necessary for the various items and that no action in this regard should be taken before such consultation. As a matter of fact Sir James Grigg, the then Finance Member, gave a definite assurance that the "new rates would in no case be fixed and brought into operation until they have been discussed with the interests concerned." It is therefore requested that the Board should convene a Conference of all the interests concerned at an early date and place before them the proposals in regard to the rates to be prescribed for the purpose of allowing depreciation under the written-down value basis.

Depreciation on Steamships. In this connection it has been pointed out to my Committee that the written-down value basis of allowing depreciation will not suit steamship

companies. It appears that even in United Kingdom where for all other assets the written-down value basis obtains an exception has been made in the matter of shipping and depreciation is allowed for shipping assets on original cost basis. My Committee are aware that any change in this regard would be possible only after a specific amendment in the Act is made. They would, however, like the Central Board to examine this aspect of the question in consultation with Indian shipping interests. They would also request that the rates to be allowed for shipping, whatever may be the basis ultimately decided upon, should be fixed only after full consultation with shipping interests.

Depreciation and Obsolescence Allowance. Though this part of the Act comes into force only on 1st April 1940 the question arises whether the surplus amount arising out of the sale proceeds of plant and machinery will be liable to tax at any stage inspite of the fact that full amount of depreciation or obsolescence is not obtained on such plant and machinery before it is sold and whether such surplus if distributed amongst the shareholders of the company will be liable to tax as dividend under Section 2 (6-A) of the Act. Such surplus being in the nature of capital accretion a company will, in the ordinary course, consider the same as not liable to tax in the hands of the company or the shareholders when distributed. But in view of the wordings of the sub-section vi and vii of Section 10 the position must be clarified. The question will arise in the case of a number of mill companies.

2. Stamp Duty on Letters of Authorisation under Section 61 of the Act

Although the amended Income-tax did not make any change in the section in regard to the manner and method of the authority in writing to be given by the assessee for purposes of appearance by representatives, departmental instructions have provided that such letters of authority should be deemed to be in the nature of a Power of Attorney and as such should be chargeable with the appropriate stamp duty. My Committee cannot appreciate the reason or the occasion

for this change in procedure. If it is suggested that acceptance without stamp would be an infringement of any provision of any other law, viz., the Stamp Act, then steps may be taken to get such letters of authorisation removed from the liability to stamp duty under the powers of exemption vested in the Governor-General.

If, however, ultimately Government come to the conclusion that such letters should be required to be stamped, a lower rate of stamp duty may be considered for the purpose. It is also suggested that one stamped authority should be deemed sufficient for all stages of one assessment, viz., assessment, appellate and revision. Information is requested whether authority on stamp paper will be insisted upon in the following cases :

(*a*) Appearance regarding application for refund.

(*b*) Application for copies of assessment or appellate orders.

(*c*) Production of accounts before the examiners for explaining accounts or production of documents required to enable the Income-tax Officers to dispose of the assessment.

My Committee also understand that the Board propose to prescribe a form for such letters of authority. There does not seem to be any need for the same. An ordinary letter as at present should be deemed to be sufficient. Again in case where such appearance is on the basis of authority given by a general Power of Attorney, separate letters of authority in any form to be prescribed should not be asked for. The forms of authority should also not include any declaration by the representative.

3. Appointment of Special Commissioners under Section 5 (2) of the Act

During the course of the debate in the Legislative Assembly on the clause of the Income-tax Bill relating to the appointment of Special Commissioners, an assurance was given on behalf of Government, that such Special Commissioners

would not interfere with the territorial jurisdiction of the existing Commissioners, and that such Commissioners would work under the Central Board of Revenue and deal with special classes of cases assigned to them such as assessments in which Government might have been defrauded, cases of insurance companies, etc. It was expected that the above assurance in regard to allocation of work would be strictly adhered to and the scope and functions of the Special Commissioner would be delimited accordingly by departmental instructions. It is, however, understood that the Special Commissioner appointed in Bombay has been assigned classes of cases not coming within the scope of the assurance referred to above.

4. Examinations Recognised as Qualifications for Income-tax Practitioners under Section 61 (2) of the Act

Under Section 61 (2) (*iv*) (*b*) of the Act the Central Board of Revenue is empowered to recognise any Accountancy Examination as qualification for the purpose of being an Income-tax Practitioner. Under Rule 45 of the Income-tax Rules certain examinations have been recognised for the purpose. My Committee had made representations to the Board that the Accountancy Diploma examination conducted by this Chamber should be included in the list of recognised examinations. Unfortunately the suggestion has not been accepted. My Committee submit that the standard aimed by the said Diploma Examination is very high as will be evident from a perusal of the scope of the syllabus and the questions set for the examinations for the previous years. Copies of these have already been forwarded to the Board and my Committee request that this matter may be reconsidered and the Chamber's Diploma Examination recognised for the purpose.

5. Furnishing full Particulars and Details of Assessment along with demand Notice

The assessment form now sent to assessees, with the demand notice under Section 29 for payment of tax, does not contain full particulars and details of the assessment, showing

as to how the assessable income had been arrived at. Particulars of items disallowed are also not given. The assessee has to make an application fixing As. 2 in stamps for getting a copy of the assessment order with a view to knowing all the details. This procedure is not convenient and a suggestion was made to the Commissioner of Income-tax, Bombay, that arrangement should be made that the notice under Section 29 should, as a matter of course, be accompanied by a copy of the assessment order giving all the details of the case. Unfortunately the suggestion was not accepted. The Income-tax Department has in any case to make and keep such an order and we believe that without serious inconvenience the department can supply the assessees also with a copy of the same. It is understood that such particulars are furnished in other centres, for instance, in Madras and it is suggested arrangements should be made to furnish such particulars in Bombay also.

6. Section 34 of the Act. Information about Income Escaping Assessment

The implication of the words 'In consequence of definite information which has come into his possession' appearing in the section should be made clear. Is not the tax-payer entitled to know from the Income-tax Officer before the proceedings are started the definite information at the preliminary stage so that the necessary explanation may be given, and if subsequently it is found that some income did escape assessment then the proceedings may be resumed or otherwise they may be dropped ? The Income-tax Enquiry Committee on page 79 of their report emphasised the necessity of having fresh evidence before taking action under this section.

7. Notices under Section 22 (2) of the Act

Attention is invited to Part IV on page 3 of the prescribed notice under Section 22 (2) of the Act which makes it compulsory for an assessee to attach a copy of the Profit and Loss Account and Balance Sheet. It is a well-known fact that the small assessees do not maintain regular books of account and their accounts are not generally closed or adjusted and there-

fore it is not possible for such assessees to send in a copy of the Profit and Loss Account and Balance Sheet along with the returns. The Income-tax Officer may, in the absence of such a Balance Sheet, consider the return invalid and levy a summary assessment under Section 23 (4). This would create a great hardship on the small tax-payers who cannot afford to have the services of an Accountant. It is, therefore, desirable that instructions may be issued to the Income-tax Officers that Profit and Loss Account and Balance Sheet should not be insisted upon in cases where accounts are not closed or adjusted. Necessary changes may be made in the prescribed form of return.

8. Section 2 (14) and 26-A — Application for Registration of Firms or Renewal Thereof

The prescribed form of application for the registration of firms under Section 26-A as well as for the renewal thereof requires that such application should be signed by all the partners in a firm at the time of application. The Chamber had already drawn the attention of Government before the form was settled that it may not be possible to obtain the signatures of all the partners at the time of assessment of the firm on account of the absence of some of the partners from the place of assessment or on account of death or retirement of the partners or on account of change in the constitution of the firm. The prescribed form requires that the application should be signed by all the partners and not by any one of the partners as in the past. If the application is not signed by all the partners due to the circumstances mentioned above such application should not be considered as invalid and necessary changes may be made in the form.

9. Assessment of Chambers of Commerce to Tax

Sub-section 6 of Section 10 of the Income-tax Act makes liable to tax the profits of a trade, professional or similar Association performing services for its members for remuneration. My Committee would like to know if it is intended to include Chambers of Commerce also under the purview of this section. It is pertinent to point out that the main source of income of a Chamber of Commerce is the membership

subscription and the subscription rate is uniform and "is not intended to be remuneration definitely related to the services rendered" by a Chamber. Till now Chambers of Commerce were being assessed on their income other than from members. Even here there was no uniformity of practice. Chambers and Associations which mainly depend on membership subscription for their income and do not make specific separate charges for the services rendered by them, should not, in the opinion of my Committee, be liable to income-tax. The point may be clarified and instructions may be issued for the adoption of a uniform practice throughout all the income-tax circles.

10. Grievances of Assessees

It appears that in Bombay there has been a practice of the Commissioner perusing the assessments settled by the Income-tax Officer before the notice of demand is sent out to the tax-payer. Similarly orders of the Appellate Assistant Commissioners are called for and examined. This practice, if it exists, should be discouraged as otherwise Appeal Petitions as well as Revision Petitions to the Commissioner have no meaning. Government have given assurances from time to time that it is intended to separate the judiciary from the executive, but if Commissioners were to concern themselves with the assessment work of the Income-tax Officers or the Appellate Assistant Commissioners, inspite of the fact that there is an Assistant Commissioner (Inspection) provided for in the amended Act, the purpose of such separation of functions will be defeated.

11. Delay in Income-tax Refunds, Etc.

The delay that occurs in dealing with refund claims is a matter on which there have been many complaints in the past. The Income-tax Enquiry Committee to a certain extent, justified these complaints and pointed out that "the general attitude of officers of the Department to refund claims leaves much to be desired." My Committee realise that certain changes have been made by the amended Act regarding the procedure for refunds. They would now like to draw the

attention of the Central Board to the suggestion made in page 54 of the Income-tax Enquiry Committee's Report regarding dealing with delay in obtaining refunds owing to the difficulty of agreeing the proportion of the non-assessable profits and consequently the proportion of the dividend not available for relief. In such cases, that Committee had suggested that instead of applying the proportion for the year in which the dividend was declared, the proportion for the previous year should be taken. This suggestion may well be accepted. My Committee would also put forward that where refund claim has not been paid within three months of the application, the Income-tax Department should be obliged to pay a specified rate of interest on the amount of the claim finally admitted. As the department has the use of the money concerned, it is but fair that such payment of interest should be provided for.

Supply of Income-tax Forms. An application for forms of return by an Income-tax Practitioner on behalf of his various clients in a particular ward should be accepted and the forms supplied and it should not be deemed necessary for such a practitioner to submit separate applications for each of the assessees represented by him. Similarly refund forms should also be given freely to such practitioners. This arrangement will facilitate work both for the Income-tax Office and the practitioners as also for the assessees.

Another suggestion that has been made to my Committee is that registered firms should be sent application forms for registration along with forms of return. There should be no difficulty in accepting this suggestion also.

12. Embezzlement by an Employee

The loss due to embezzlement by an employee was, my Committee understand, being usually allowed for Income-tax purposes. But it appears that recently the department is not allowing such losses. My Committee would like to know the exact position in this regard. They believe that allowance in respect of such losses is within the scope of the Act and it appears there were legal decisions also to that effect. The Board

may consider this point and issue such instructions as may be necessary so as to allow claims in respect of losses due to embezzlement.

Summary of the replies of Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue.

1. RATES OF DEPRECIATION UNDER THE WRITTEN-DOWN-VALUE BASIS

Mr. Sheehy pointed out that the procedure proposed had already been circulated to Chambers of Commerce. It was intended first to publish the rates proposed by the Central Board of Revenue for general consideration and for comments, and after such comments were received, in cases where it appeared that oral discussion would serve a useful purpose, the interests concerned would be invited for such discussion at suitable centres or at an All-India Conference.

Depreciation on Steamships. He agreed that it was not possible to change the basis of allowance regarding depreciation for steamships unless an amendment was made in the Act to that effect. He suggested that shipping interests concerned might be advised to submit their case in this regard to the Government of India and stated that any representation received would be given due consideration.

Depreciation and Obsolescence Allowance. He pointed out that the cases mentioned were covered by the definition of income in Section 2 (6C) and that such surplus would be liable to tax.

2. STAMP DUTY ON LETTERS OF AUTHORISATION

Under the law, as it stood, such letters had to be stamped. The question of exempting these letters from the provisions of the Stamp Act was a matter on which Provincial Governments might have to be consulted. To a suggestion which was made that a clause might be added to Section 61 of the Act to the effect that letters of authorisation under the Section did not require a stamp, Mr. Sheehy observed that he would have the matter considered.

He further stated that instructions had been issued to the effect that certain appearances, e.g., for production of documents or accounts would not require stamped letters of authorisation. When asked whether one stamped letter of authorisation would be deemed sufficient for all stages of one assessment, including appellate and revision proceedings, he promised to look into the matter. The form prescribed for such letters of authorisation was intended to be only optional. For representing a firm, one letter of authority would be sufficient so far as the firm's assessment was concerned, although for the individual assessment of the partners separate letters would be necessary.

3. Appointment of Special Commissioners

Mr. Sheehy observed that the types of cases mentioned by the Hon'ble the Finance Member were intended to be only illustrative and not exhaustive. Only important and special cases were being entrusted to the Special Commissioner and there was no intention to defeat the spirit of the undertaking given in the Central Assembly. He also added that assessees should not deem reference to the Special Commissioner as out of the way but should consider it as being done in the ordinary course of assignment of work in the department.

4. Examinations Recognised as Qualifications for Income-tax Practitioners

He pointed out that so far only examinations conducted by professional bodies had been recognised. He, however, promised to look again into the papers on the question of recognising the Accountancy Diploma Examination of the Chamber.

5. Furnishing full Particulars and Details of Assessment along with Demand Notice

He stated that there were 70,000 assessments last year in the Bombay Circle and if such particulars were to be furnished with every demand notice, it would mean avoidable increase of routine work necessitating employment of additional staff. As such particulars were required only for appellate or revision proceedings, the existing arrangement

for supply of the same on payment of two annas in stamps along with the application should be deemed satisfactory. Having regard, however, to the reports that in other Provinces such particulars are being supplied with the demand notice, he promised to look into the matter once again.

6. SECTION 34 — INFORMATION ABOUT INCOME ESCAPING ASSESSMENT

He agreed that re-opening proceedings under Section 34 could be started only on the basis of definite information. He promised to consider if, and to what extent and manner, such information was to be conveyed to the assessees at the start of or in the course of the proceedings.

7. NOTICE UNDER SECTION 22 (2)

In the case of small assessees he promised to look into the question of issuing instructions that the production of Profit and Loss Account and Balance Sheet should not be insisted upon.

8. APPLICATION FOR REGISTRATION OF FIRMS

He pointed out that having regard to the fact that certain breaches of the law involved criminal liability, it would not be possible to accept the suggestion that applications for registration of partnerships should be accepted on the signature of one of the partners. The question of the liability of all the partners in case of any difficulty would arise, and therefore, full requirements of the law necessitated the signatures of all the partners on such applications.

9. ASSESSMENT OF CHAMBERS OF COMMERCE AND COMMERCIAL ASSOCIATIONS

He observed that trade, professional and similar Associations performing service to its members on the basis of remuneration definitely relating to the service rendered would be taxed on their profits ; but the income of Chambers of Commerce and Commercial Associations who charged a uniform rate of subscription to their members and did not make a charge based on the amount of services rendered would not be liable to tax on such income and departmental instructions to that effect had been issued.

10. Grievances of Assessees

Mr. Sheehy observed that the Commissioner, as the Executive and administrative head of the Circle, was entitled to keep himself in touch with the cases and work going on in his jurisdiction. The Commissioners, however, did not interfere in the ordinary course of assessments, and there was no warrant for the fear that his prior knowledge about particulars of any assessments would, in any way, affect the discharge of his revision functions.

11. Delay in Income-tax Refunds

He observed that instructions had been issued to expedite refund claims and that ordinarily efforts were being made to dispose of such claims within three months. In 1937 instructions were issued that in making refunds on dividends percentages upto 5% of untaxed income should be ignored. This covered the majority of cases. The feasibility of introducing a system of provisional refunds would also be looked into; but the suggestion regarding payment of interest on refund claims pending after three months could not be accepted.

12. Forms of Return

As the department was, as a matter of fact, sending forms of return to all the existing assessees, the suggestion that Income-tax Practitioners be allowed to make a common application on behalf of their various clients, had no special force. As a form of return has to be issued to each assessee under the Income-tax Officer's signature there were practical difficulties in supplying forms on common applications. He promised to consider the suggestion regarding forms of application for registration being sent to all the registered firms along with the forms of return.

13. Embezzlement by an Employee or Partner

Mr. Sheehy stated that the question whether the loss due to embezzlement by an employee should be allowed as a business loss for income-tax purposes was already before him and that the same would be examined from the legal aspect.

APPENDIX 51

Loss by Embezzlement or Theft — Allowance under Section 10 (2) (xii) Income-tax Act, 1922

Circular Letter No. 25|1939, *dated* 17*th August* 1939, *from Secretary, Central Board of Revenue, Government of India to Chamber.*

Paragraph 64 (v) of the Income-tax Manual (Seventh Edition) reads :

> "Sums embezzled by an employee are an admissible charge against the business of his employer."

In the case of Mulchand Hiralal, however, the Patna High Court has held that a loss by theft is not one of the allowances available to the assessee under Section 10. Disagreement was also expressed in that judgment with an earlier ruling of the same Court that a loss by embezzlement was allowable.

Since the above judgment was given the wording of Section 10 (2) (xii) has been changed and now corresponds exactly to the wording of the United Kingdom Income-tax Act, 1918, Schedule D, Cases I and II, Rule 3 (a), and the Board considers that the interpretation given by the United Kingdom High Court is now more appropriate, and should be followed in India. The point is dealt with very clearly in the judgment delivered by Rowlatt, J., in the case of Curtis *v.* J. & G. Oldfield Limited, IX U. K., T. C. 330, the relevant portion of the judgment reading :

> "I quite think, with Mr. Latter, that if you have a business (which for the purposes of today at any rate I will assume) in the course of which you have to employ subordinates, and owing to the negligence or the dishonesty of the subordinates some of the receipts do not find their way into the bill, or some of the bills are not collected at all, or something of that sort, that may be an expense connected with and arising out of the trade in the most complete sense. But here that is not the case at all. This gentleman was the Managing Director of the

Company, and he was in charge of the whole thing, and all we know is that in the books of the Company which do exist it is found that moneys went through the books into his pocket. I do not see that there is any evidence at all that there was a loss in the trade in that respect. It simply means that the assets of the Company, moneys which the Company had got and which had got home to the Company got into the control of the Managing Director of the Company, and he took them out. It seems to me that what has happened is that he has made away with receipts of the Company *dehors* the trade altogether in virtue of his position as Managing Director in the office and being in a position to do exactly what he likes."

In following the above ruling Income-tax Officers should, before allowing any loss by theft or embezzlement by an employee, be fully satisfied from the evidence that the theft or embezzlement has in fact taken place and that the claim is genuine.

This interpretation should be followed in respect of all cases in which there are pending proceedings (whether assessment, appellate or revisional) but no case should be reopened and no fresh revision petition admitted in respect of years prior to the assessment year 1939-40.

APPENDIX 52

Depreciation Rates for Income-tax Purpose

Letter No. C. No. 27 (15)-I.T.|39, dated 4th August 1939, from the Secretary, Central Board of Revenue, Government of India to Chamber.

I am directed to invite your special attention to Board's Resolution No. 63 Income-tax, dated the 5th August 1939 (published in the Gazette of India of the same date) with which have been published the Central Board of Revenue's proposals regarding revised rates of depreciation allowance.

Letter No. 2838, dated 26th October 1939, from Chamber to the Secretary, Government of India, Central Board of Revenue.

I am directed to acknowledge receipt of your letter No. 27 (15)-I.T. of the 4th August 1939 and in reply to send to you hereby the views of my Committee on the proposals of the Board regarding the revised rates of depreciation allowance under the written-down value system.

My Committee may be allowed to recall the circumstances connected with the adoption of the written-down value basis for purposes of depreciation under the Income-tax Act. The change was, for the first time, proposed by the Income-tax Enquiry Committee in the year 1936. That Committee, at the same time, acknowledged that on theoretical grounds there was no special virtue in the written-down value system, but pleaded that as that system would enable the department to keep a better track of the various items of plant purchased at different dates and of the record of depreciation already enjoyed, the same should be introduced. It must, however, be said to the credit of that Experts Committee that, while recommending a change-over to the written-down value basis, they readily acknowledged that "obviously higher percentage rates would be necessary under the written-down value basis to give corresponding results and this should be borne in mind when the rates are being revised." It was, therefore, even from the very start realised and recognised that the adoption of the written-down value basis for allowing depreciation would have to be followed by *pro rata* increases in the rates for the various types of assets, in order that the new system may not mean any injustice to the main purpose of granting depreciation and in order that corresponding results may be achieved within almost the same peroid of years as may be taken to be the normal span of life for the different types of plant and machinery. It is in this background that the present proposals of the Board have to be examined.

The rates proposed, however, have not been based on the above expectations or understanding. Comparing the proposed

rates with those in existence under the old Act, it is found that in a number of cases, instead of the rates being increased, which was a *sine qua non* of the acceptance of the written-down value system they are either reduced or kept at the old level. Thus in respect of about 100 items for which rates are prescribed, in the case of 8 items the rates are reduced and in the case of 81 items the rates are maintained at the old level. It is very surprising that the Central Board should have come forward with proposals, which, on their very face are unfair and which go against the spirit of the compromise on the basis of which the introduction of the written-down value system was agreed to by the members of the Select Committee on the Income-tax Bill.

As soon as the Report of the Income-tax Experts Committee was published, strong objection was taken to the recommendation in regard to the introduction of the written-down value system by Chambers of Commerce and other public bodies and by prominent industrialists. It was pointed out that the system would retard industrial efficiency by prolonging the process of writing down of plant and machinery. Informal consultations at the time of the discussion of the Bill by the Select Committee and the Assembly, however, led ultimately to the acceptance by the legislature of the system on the basis of certain agreed modifications and the general understanding was, that on the acceptance of the basis, the percentage rates would be so adapted as to bring about almost similar results even under the new system. It is pertinent to point out that the Select Committee Report on the Income-tax Bill contained the following observation :

> "Government have given us an assurance that the new rates consequent on the change from the cost basis to the written-down basis will be discussed with the interests concerned before they are fixed and that the new provisions will not be brought into operation until the rates have been so fixed."

The obvious implication was that the old rates would not be fair for the new system and that consultation will be essential with a view to finding out the exact rates that would be

necessary consequent upon the introduction of the new basis. The very agreement to discuss the rates implied and presupposed that the rates would have to be revised in favour of the assessees. While, therefore, Government are carrying out in form the discussion with the interests concerned contemplated in the above assurance, my Committee would like to point out that the spirit of this assurance is missing and the wide gulf between Government proposals and the requirements of the situation, leaves the chances of an agreed solution very remote.

Coming to the rates proposed by Government, as my Committee have already pointed out, in most cases the same rates as those which prevailed under the original cost basis are retained, with the result that the life of machinery and other assets is assumed at a high figure and it would take a ridiculously large number of years for such assets to be written off. To illustrate the position, plant and machinery under the old system with a depreciation allowance at a rate of 5% would have been written off in 20 years. Under the new system if the same percentage allowance of 5% is continued, it would take more than 45 years to write off a little over 90% of the value of the asset. Similarly under the old rate of $2\frac{1}{2}$% a building would be written off in 40 years, but under the proposed rate of $1\frac{1}{2}$% the same building would take over 150 years to absorb about 90% in depreciation. It will be realised that no asset can usefully last for such a large number of years and if the present proposals of Government are finally enforced, a premium will be put on the use of machinery and assets long after their economic life and facilities for replacement and renovation consequent upon technical and scientific improvement would be curtailed and minimised.

The Government notification under reference justifies the reduction in the effective rates firstly on the ground that the new rates proposed correspond to the rates in existence in the U. K. Schedule of Wear and Tear allowance and secondly on the basis that the rates in force under the old system were excessive. A comparison of the U. K. rates is not justified inasmuch as the circumstances and conditions in the two

countries vary. Moreover, it has been observed by impartial students of industrial development in the various countries that U. K. had to give way to Japan in industrial efficiency because sufficient care was not taken to write down machinery speedily and to replace the same by taking advantage of scientific and technical improvements. If a comparison is a sufficient ground to justify rates, it may as well be pointed out that the rates, existing under the old Income-tax Act and the period of life assumed for the various types of assets under the said rates, correspond almost to the similar rates in force under the U. S. A. Schedule of allowances. On that ground, therefore, a claim for adopting the U. S. A. basis for Indian requirements can well be made. Even in making a comparison with English rates Government proposals have ignored the increase of 20% on the schedule rates allowed in that country under the Finance Act, 1938, and also ignored certain practices and features prevalent in England in determining and fixing such rates. Under the English system the very basis on which such rates are fixed is that it should be agreed between the Board of Revenue and the interests concerned. The English procedure also allows for variation in particular cases where such variations are justified on account of special features. While, therefore, the English model has been invoked to justify the reduction in the effective rates, the special features of the English procedure referred to above have not been introduced in the Indian schedule.

The contention that the rates in force under the old Act are excessive, cannot also be accepted ; on the contrary, my Committee are aware that in the past complaints have been made to Government in respect of different items about the inadequacy of the existing rates and about the necessity for revising them in favour of assessees.

The rates in force under the old Act have worked well and may be taken as the starting point for the purpose of fixing the rates under the new system. The period of life estimated and assumed for the various types of machinery and assets under the said schedule of rates should be taken as the basis and the same period of life should be the governing

consideration in fixing the rates under the written-down value system. The rates under the new system should be so adjusted and adapted as to write off the asset in question within the said period of life. My Committee realise that under the written-down value basis it will not be practicable to write off an asset completely. Moreover, there being a provision in regard to obsolescence allowance, the rates proposed should be sufficient if they write off not less than 92% of the value of the particular asset within the period of life estimated for it.

In short, the basis on which the rates under the new system should be fixed is that the rates proposed should be so adjusted as to cover the asset in question to the extent of 92% of its value in the same number of years as under the existing schedule. This can be achieved by either increasing the rates *pro rata* or by introducing a system of graduated scale of rates, increasing year after year, in such a manner as to cover the assets in the same fixed number of years. Thus in the case of the general rate of 5% for plant and machinery, the rate under the written-down value system will have to be fixed at about 12%. Alternatively, the same results can be achieved by fixing a system of graduated rates increasing year after year, as for example, for 20 years, 1|20th of the value in the first year, 1|19th on the written-down value in the second year, 1|18th in the third year, etc., ending with one half in the 20th year. A system of graded rates by steps of years such as, say, 5% for the first five years, 10% for the subsequent five years, etc., may also be considered. The governing factor, however, is that the rate proposed must be sufficient to write down the asset in exactly the same number of years as under the old schedule of rates.

My Committee wish also to suggest that the question of increased depreciation for machinery working overtime, double shift or treble shift should be considered and increased rates for the same should be prescribed in the schedule. My Committee had carried on correspondence with the Central Board of Revenue in the year 1931 in this regard. The U. K. schedule of wear and tear allowance has recognised this

principle and provided an increased rate of depreciation for plant and machinery working double or treble shifts plus overtime. A similar provision should be made in the Indian schedule also. It has been recognised that one of the important means of making the best use of capital goods especially expensive machinery is the shift system and in recent years double shift working is more in vogue. Such working should be facilitated and encouraged by the provision of adequate increases in the depreciation rates for the same.

My Committee have seen a copy of the representation submitted by the Indian Shipping interests pointing out the difficulties involved in the application of the written-down value system to shipping assets. Under the U. K. practice also depreciation on shipping is calculated on the prime cost basis. My Committee are, therefore, of the opinion that the case of shipping industry requires special consideration and that arrangements should be made to allow depreciation on shipping assets on the prime cost basis. As this may necessitate an amendment of the Income-tax Act, my Committee suggest that early steps be taken to do the needful in the matter.

In this connection, my Committee are in accord with the resolutions passed at the All-India Conference held at Calcutta on 6th October 1939 convened by the Federation of Indian Chambers of Commerce and Industry, Employers Federation of India and the All-India Organisation of Industrial Employers. My Committee also generally subscribe to the representation forwarded to Government on behalf of the Conference communicating the resolutions and also to the schedule of rates appended to the said representation. My Committee hope that the Government of India will be pleased to take into consideration all the factors set forth therein and to revise the rates for the purpose of depreciation on the lines suggested above.

APPENDIX 53

Stamp Duty on Letters of Authorisation

Letter No. 2286, dated 28th August 1939, from Chamber to Central Board of Revenue, Government of India, Simla.

At the interview which the Income-tax Sub-Committee of this Chamber had with Mr. J. F. Sheehy, Member, Central Board of Revenue, on 12th July 1939, a suggestion was made on behalf of my Committee that a clause might be added to Section 61 of the Income-tax Act to the effect that letters of authorisation under the section should not require a stamp. Mr. Sheehy promised to have the matter considered.

I am now directed by my Committee to reiterate this suggestion and to request that the Government of India will be pleased to bring in an amending Bill at the forthcoming session of the Central Legislature so as specifically to exempt letters of authorisation for income-tax purposes from the requirements in regard to stamp duty under the Stamp Act or the Court Fees Act.

Such letters of authorisation, in favour of a lawyer, are, in terms of the Central Board of Revenue Circular No. 12, dated 7th June 1939, to be treated as a Vakalathnama and chargeable as such with Court Fees under Article 10, Schedule II, of the Court Fees Act, 1870. The Central Government have, however, power under Section 35 of the Court Fees Act to reduce or remit any of the fees prescribed under that Act. Pending the enactment of an amendment to Section 61 of the Income-tax Act as above, my Committee suggest that letters of authorisation in favour of lawyers may be exempted from stamp duty by a notification issued under Section 35 of the Court Fees Act. My Committee request that the Government of India will be pleased to give the matter their early attention and to take the necessary steps as indicated above.

Letter No. 4|(21)I.T.|39, dated 5th October 1939, from the Central Board of Revenue, Government of India, to Chamber.

With reference to your letter No. 2286, dated the 28th August 1939, on the subject noted above, I am directed to say that the Board has considered your suggestion that Section 61 of the Income-tax Act should be so amended as to confer an exemption from court fees and stamp duty on the letter of authorization required for income-tax purposes. As regards letters of authorization which are powers of attorney, I am to invite a reference to the last paragraph of Board's circular No. 28 of 1939, C. No. 589-I.T.|38, dated the 22nd August 1939, wherefrom you will observe that stamp duty on powers-of-attorney is not one of the stamp duties or fees mentioned in entries 57 and 59 of the Federal Legislative List but falls under item 51 of the Provincial List. The Central Government is not therefore competent to reduce or remit such duty and any legislation in this direction by the Central Government would be *ultra vires* of Section 100 of the Government of India Act, 1935. Section 61 of the Income-tax Act cannot therefore be amended for this purpose.

2. In regard to letters of authorization which are treated as Vakalathnama and chargeable as such with court-fees, I am to observe that as court-fees have been levied by the Provincial Governments ever before the coming into force of Part III of the Government of India Act, 1935, the Central Government cannot use the power conferred by Section 35 of the Court Fees Act until necessary legislation is passed by the Federal Legislature. (*Cf.* Sec. 143 (2) of the Government of India Act, 1935). In view however of the position regarding power-of-attorney stated in paragraph 1 above and the fact that the amount of court-fee required is much smaller than the stamp duty on power-of-attorney, the Board does not consider it necessary at this stage to move the Government of India in the matter.

Letter No. 2825, dated 23rd October 1939, from Chamber to the Secretary, Revenue Department, Government of Bombay.

Under Section 61 of the Indian Income-tax Act, appearance on behalf of an assessee by a person qualified to so appear should be on the basis of a Letter of Authority in writing. In the past a formal letter to that effect was being accepted ; but lately the income-tax authorities, on the basis of instructions issued by the Central Board of Revenue, have decided that such letters, when in favour of any person other than a lawyer, should be deemed as a Power-of-Attorney and should be chargeable as such with appropriate stamp duty. In the case of a lawyer, however, such letters are to be treated as Vakalathnamas or Mukhtarnamas and chargeable with necessary amount of court fee stamp under Article 10, Schedule II of the Court Fees Act. The two circulars issued by the Central Board of Revenue, Nos. 12 and 28, in this connection are sent herewith.

My Committee had taken up this question with the Central Board of Revenue. They had pointed out that as Section 61 of the Income-tax Act did not specifically necessitate anything in the nature of a Power-of-Attorney, or a stamped document, there was no occasion for the Department to construe the authority in writing, referred to in the section as anything in the nature of a power-of-attorney. They had also suggested that in case the position was in doubt, the matter might be cleared by amending Section 61 of the Act, with a view to specifically exempt such Letters of Authority from liability to stamp duty. Copy of a letter addressed by my Committee to the Central Board of Revenue, on 28th August 1939, together with a copy of the Board's reply dated 5th October 1939, now received is sent herewith.

The Central Board of Revenue has pointed out that the powers of granting exemptions from the provision in regard to stamp duty are vested in the Provincial Governments. I am, therefore, directed by my Committee to address the Government of Bombay, with a request that they will be pleased to exempt from stamp duty, by issuing the necessary

notification, letters of authorization, under Section 61 of the Income-tax Act. My Committee hope that Government will be pleased to consider the above request favourably.

Letter No. 2285-E|39, dated 12th December 1939, from the Revenue Department, Government of Bombay, to Chamber.

With reference to your letter No. 2825, dated 23rd October 1939, on the subject mentioned above, I am directed to state that the letters of authorization wherein power is given to a person other than a certified Muktyar or Vakil to act on behalf of the assessee come within the definition of a Power of Attorney as defined by sub-section 21 of Section 2 of the Indian Stamp Act. Such documents are chargeable with stamp duty under clauses (*c*) or (*d*) of Article 48 of the Schedule to the Indian Stamp Act according to their nature. The request made in your letter under reference cannot therefore be granted.

APPENDIX 54

Income-tax Notification regarding Qualifications of People Entitled to Represent Assessees

Letter No. O.C. 730, dated 16th March 1939, from Chamber to the Central Board of Revenue, Government of India, New Delhi.

Under sub-clause (*b*) of Clause (iv) of Section 61 of the Indian Income-tax Act, the Central Board of Revenue is empowered to recognise any accountancy examinations as qualification for the purpose of being an income-tax practitioner. The draft amendments proposed in the Income-tax Notification No. 3 circulated by the Central Board of Revenue seek to recognise, among other examinations, the examinations conducted by the London Chamber of Commerce in advanced Book-keeping or Accountancy in the senior grade for the above purpose.

My Committee are surprised that the Central Board of Revenue should have proposed the recognition of the examinations of the London Chamber without at the same time recognising the corresponding examinations conducted by the Indian Merchants' Chamber. In their letter No. 3004, dated the 11th August 1930, addressed to the Government of Bombay, Finance Department, in connection with the proposal then to amend Section 61 of the Indian Income-tax Act, my Committee had requested the recognition of the holders of diplomas in Accountancy from the Indian Merchants' Chamber or the London Chamber of Commerce, for the purpose of practising as Income-tax experts. They had again in their letter of the 25th June 1937 addressed to the Central Board of Revenue repeating the above suggestion and recommended the examinations in Accountancy of both the Indian Merchants' Chamber and the London Chamber of Commerce. It is therefore surprising and regrettable to find that Government now have shown this invidious distinction and have chosen to recognise only the examinations of the London Chamber of Commerce. My Committee beg to protest against the examination conducted by a foreign institution being given preference over the corresponding examinations conducted by a national organisation.

I am desired by my Committee to send to you by separate post a copy of the rules and syllabus of the examinations conducted by the Chamber as also copies of question papers in the subjects covering the Accountancy Diploma Group for the last two years. It will be observed therefrom that the standard aimed at by the examinations of this Chamber is sufficiently high to warrant recognition for the purpose of the rules in question and that at any rate, the standard is not lower than that prescribed by the Accountancy Examinations of the London Chamber.

My Committee still venture to hope that on further consideration the Government of India will be pleased to remove the proposed discrimination and will recognise the Accountancy Diploma Examinations of this Chamber for the purpose of prescribing qualifications for Income-tax Practitioners.

Telegram dated 24th June 1939, from Chamber to Central Board of Revenue, Government of India.

Reference Income-tax Notification 48 dated 3rd June Committee Indian Merchants' Chamber surprised that Government should propose recognition of examinations of the Association of Certified and Corporate Accountants London for the purpose. Committee draw attention of Government to their letter of 16th March suggesting recognition of Chambers Accountancy Diploma Examinations and while the examinations of an Indian body yet remain unrecognised Government of India are proposing to confer the privilege on a foreign body. There are a sufficient number of Indian examinations for being prescribed as qualification for Income-tax Practitioners and my Committee are opposed to the inclusion of any foreign examinations in the list.

Letter No. C. 46 (2)-I.T., dated 7th July 1939, from Central Board of Revenue, Government of India to Chamber.

I am directed to refer to your telegram of the 24th June 1939, on the above subject and to place before you the circumstances in which the Association applied for and obtained recognition for its examinations under section 61 (2) (iv) (b) of the Indian Income-tax Act, 1922.

The above Association applied to be recognised as an Association of Accountants under section 61 (2) (iii) and this was refused, but having regard to the high standard of the examinations of the Association which are intended for professional accountants only, the application to have the examinations recognised under section 61 (2) (iv) (b) was accepted. One of the reasons for refusing to recognise the Association under section 61 (2) (iii) was the absence of any effective control over the members in India, but has to be recognised that the examinations are practically of the same standard as those of Chartered and Incorporated Accountants and differ altogether from the examinations in Accountancy held by Chambers of Commerce. The essential difference between the examinations held by a Chamber of Commerce (e.g., London Chamber of Commerce or any Indian Chamber of

Commerce) and those held by a professional accountancy body is that the former are intended in general as a test of the knowledge of accountancy which a person employed in commerce or intending to be employed in commerce possesses whilst the latter are intended for professsional accountants. Whilst the former can usually be passed by theoretical study alone, the latter require theoretical study plus practical professional experience. It is to be observed that on representations made to the Central Board of Revenue the proposal to recognise the accountancy examinations of the London Chamber of Commerce was withdrawn. As far as the Board is aware, there is no accountancy examination conducted in India to correspond to examinations of the above Association, but if there is such an examination of a similar standard no difficulty would arise in recognising the examinations under section 61 (2) (iv) (b).

The application for recognition of the examinations of this Association was made on behalf of Indian members, and the Board cannot see any good reason for not treating such persons as qualified to represent an assessee in income-tax proceedings. There is no information as to whether there are any European members of this Association practising in India, and in all probability there are none. The application was made by Mr. P. S. Sodhbans who is the member of the Indian Accountancy Board nominated by the Federation of Indian Chambers of Commerce.

Letter No. 1922, *dated* 24*th July* 1939, *from Chamber to the Central Board of Revenue, Government of India.*

I am directed to acknowledge receipt of your letter No. C 46 (2)-IT|39, dated the 7th July, 1939.

The question of the recognition of the Accountancy Diploma Examination conducted by the Indian Merchants' Chamber as qualification for Income-tax Practitioners under Section 61 (2), was further discussed by my Committee at the interview which they had on the 12th instant with Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue. It was then explained to him that the scope and syllabus of the

said examination aimed at a very high degree of efficiency and standard and that the same may be deemed to be on a par with the examinations of some of the professional bodies. Mr. Sheehy was good enough to promise to look into the matter once again. My Committee hope that as a result of such reconsideration, the examination in question will be recognised for the purpose.

In your letter under reply, you point out to the distinction between examinations conducted by the Chambers of Commerce and professional accountancy bodies, in that in the case of the latter practical professional experience is part of the course. It may, however, be pointed out that among the examinations recognised for the purpose are included Diploma in Commerce issued under the authority of the Provincial Governments in Madras, Bengal, Punjab and Delhi. The curriculum for these examinations comprises only theoretical study and the holders of the Diplomas in question do not have to go through any period of practical professional experience. The said examinations are on a basis similar to those conducted by the Chamber and the issue of professional experience should not, therefore, stand in the way of Chamber's examination being recognised for the purpose.

My Committee earnestly hope that the Central Board will be good enough to reconsider the matter and to accord to the examination of the Chamber the recognition sought for as above.

Letter No. C. 46 (2)-I.T.|39, dated 29th August 1939, from Central Board of Revenue, Government of India, to Chamber.

With reference to the correspondence resting with your letter No. 1922, dated the 24th July 1939, on the above subject, I am directed to say that after a careful review of the matter, the Board adheres to its decision not to accord recognition to the examination held by your Chamber.

APPENDIX 55

Particulars in Assessment and Refund Orders

Letter No. 732, dated 16th March 1939, from Chamber to Commissioner of Income-tax, Bombay.

At present the assessment form sent with the notice of demand under Section 29 for payment of tax does not contain full particulars of the details of the assessment showing as to how the assessable income has been arrived at. Particulars of items disallowed are also not given. The assessee has to make an application fixing As. 2|- in stamps for getting a copy of the assessment order with a view to knowing all the details. It has been pointed out to my Committee that this procedure is not convenient from the point of view of the assessees and that it should be provided that the notice under Section 29 should, as a matter of course, be accompanied by a copy of the assessment order giving all the details of the case. Having regard to the fact that the department has already to make and keep such an order, my Committee believe that there will be no difficulty to comply with this suggestion.

They, therefore, suggest that instructions may be issued that in future the notice of demand should be accompanied by an assessment order giving all the details.

Similarly, my Committee wish also to suggest that the refund orders should also contain full particulars as to how the amount of the refund had been arrived at.

My Committee hope that you will be good enough to accept the above suggestions and to issue the necessary departmental instructions.

Letter No. Adm. 434|38, dated 15th May 1939, from the Commissioner of Income-tax, Bombay, to Chamber.

In reply to your letter No. 732, dated March 16, 1939, I regret that I cannot agree with the suggestion of your Chamber that full particulars of the details of the assessment should be sent out with the demand notice under section 29. To do so would involve a considerable amount of extra work in my

office and since in the majority of cases such details are not required by assessees, the major portion of this work would result in no corresponding advantage. It seems to me that in cases where such details are required it is not a matter of great inconvenience for a request to be made by or on behalf of the assessee.

As regards the refund orders, the details of calculations which you require will always be given in the new form I.T. 112 which has recently been standardised in the income-tax series.

APPENDIX 56

Draft Rules in regard to Registration of Partnerships

Letter No. 890, dated 5th April 1939, from Chamber to the Central Board of Revenue, Government of India, New Delhi.

My Committe have considered the draft amendments to the Income-tax Rules proposed in the above notification. They find that it is provided that for purposes of registration of partnerships, the application in question shall be signed by all the partners. The present arrangement is that any one partner can make an application. My Committee see no reason why the signature of all the partners should be insisted upon and they suggest that the rules be so changed as to permit of registration being made on the application of any one of the partners.

It is also provided that upon the receipt of application for registration of partnership, before the Income-tax Officer registers the partnership he is to be satisfied that the firm is in existence constituted as shown in the instrument of the partnership deed and that the application has been properly made. There should be no such discrimination vested in the officer. The application should be deemed as a formality and as soon as such an application is made, the partnership should be registered *ipso facto*.

Again in paragraph 3 of Form I, the words "or will be" should be added between the words "were" and "divided." This is necessary because on the date of application the actual division may not have been made.

My Committee hope that the Board will be pleased to make the changes in the rules as above.

APPENDIX 57

Draft Form of Return under the Amended Income-tax Act

Letter No. 725, dated 16th March 1939, from Chamber to Central Board of Revenue, Government of India.

I am directed to acknowledge receipt of your letter No. C 46 (1)-I.T./39, dated the 23rd February 1939, and to send to you hereby the suggestions of my Committee in regard to the Form of Return of income under Section 22 (1) and (2) of the Income-tax Act.

My Committee generally approve of the form as drafted. They have, however, to make the following minor suggestions for changes in the details of the form :

1. In Part IV of the form the provision under para 2 for submitting a copy of the balance sheet must apply only to joint stock companies. For individuals or private partners, the submission of balance sheets should not be prescribed. The paragraph of the form may, therefore, be accordingly changed.
2. In Part V in column 2 the heading "Original Cost" may be supplemented by the addition of the words "or written-down value."

Arrangements should be made to have the forms prepared in all the principal vernaculars of the Province, so that the average tax-payer may have an exact idea of the requirements of the form and be enabled to fill it of his own accord.

Arrangements should also be made at every Income-tax Office to assist the assessees in getting the form filled up

properly. The form itself is very elaborate and without such assistance of people who know the scope and scheme of the Act thoroughly the average assessee may find it a little difficult to comply with the requirements of the form.

My Committee hope that the Central Board of Revenue will be pleased to accept the above suggestions and provide for them by the necessary changes in the rules.

APPENDIX 58

Draft Notice regarding Submission of Returns by Assessees for Payment of Income-tax

Letter No. 733, dated 16th March 1939, from Chamber to Central Board of Revenue, Government of India, New Delhi.

With reference to the above notification, I am directed by my Committee to make the following suggestions in connection with the requirements in regard to the publication of the notice under Section 22 of the Indian Income-tax Act.

1. The publication of the notice in the press should also include publication in the principal vernacular papers of the various Provinces. This provision is necessary in order that the notice may attract the attention of a fairly large number of prospective assessees.
2. The notice in question under the proposed draft rule 18 should also be published in all the offices or courts mentioned therein in the principal vernaculars of the respective places. The object of this suggestion is to ensure that the notice is read by as large a number of people as possible.

My Committee further suggest that a provision may be made to send copies of the notice to all recognised Chambers of Commerce and Commercial Associations for being put on their Notice Board. This will be an additional manner of publicity so far as commercial assessees are concerned.

My Committee hope that Government will be pleased to accept the above suggestions.

APPENDIX 59

Functions of Special Income-tax Commissioners

Letter No. 980, dated 17th April 1939, from Chamber to Secretary, Central Board of Revenue, Government of India, New Delhi.

Under Section 5 (2) of the Indian Income-tax Act, the Central Government "may appoint Commissioners of Income-tax, not more than three in all, each to discharge, without reference to area, and to the exclusion of any Commissioner appointed for any area, the functions of a Commissioner in respect of any cases or classes of cases assigned to him by the Central Board of Revenue."

My Committee understand that the appointment of Special Commissioners in consonance with the above provision is being made. In this connection, they would like to know the nature and scope of the special work assigned to each such Special Commissioner. They will be glad if the Central Board will be good enough to supply them with a copy of the departmental instructions that may have been issued regarding the allocation of work for them.

My Committee would, in this connection, like to draw the attention of the Central Board to the assurances given during the course of the debate in the Legislative Assembly on the said clause of the Income-tax Bill to the effect that such Special Commissioners shall not interfere with territorial jurisdiction of the existing Commissioners; that such Commissioners shall work under the Central Board of Revenue and deal with special classes of cases assigned to them such as assessment in which Government may have been defrauded, cases of insurance companies and assessment of companies controlled by the same people and assessed different areas.

My Committee hope that the above assurance in regard to allocation of work will be strictly adhered to in delimiting the scope and functions of the Special Commissioners and the departmental instructions, if any, issued in this connection, have given sufficient attention to this matter.

My Committee would like to hear from the Board, in reply, at an early date.

APPENDIX 60

Import Duty on Coconuts and Copra

Letter No. C-11|C., dated 4th March 1939, from the Travancore Chamber of Commerce, Alleppey, Travancore, to Chamber.

I understand that the following resolution has been tabled for discussion in the Central Indian Legislative Assembly :

> "This Assembly recommends to the Governor-General-in-Council that urgent steps be taken by way of imposing suitable and adequate duties on the imports of coconuts and copra to protect the nine million peasants of Malabar, Cochin, Travancore and Northern Circars, who are mainly dependent for their livelihood on the production of coconut and copra."

If this question has been taken up for discussion in your Chamber, I should esteem it a favour if you would kindly let me know your Chamber's views.

Letter No. 892, dated 5th April 1939, from Chamber to the Travancore Chamber of Commerce, Alleppey, Travancore.

Your letter of the 4th March 1939 regarding the resolution tabled in the Indian Legislative Assembly urging steps to be taken by way of imposing suitable and adequate duties on the imports of coconuts and copra to protect the agriculturists of Malabar, Cochin and Travancore, was considered by my Committee. It was, however, felt that any steps in the direction of increasing the duties would be a handicap to the

oil mill industry and allied industries like soap manufacture etc., without in any way benefiting the growers of coconuts in the West Coast area, as the Indian production was not at all sufficient to cover the requirements of the country in regard to copra and coconuts. The interests of the agriculturists are, in the opinion of my Committee, not likely to be served by any increase in the duty. They would, however, suggest that your Chamber should move the Travancore Government for abolishing the export duty levied by that Government on the exports of coconuts and copra. It is felt that the existence of such a levy, to some extent, prevents the movement of copra and coconuts from the Travancore territory and the removal of the duty may afford an immediate relief, may create additional demand for copra and secure greater margin for the cultivator.

APPENDIX 61

Proposed Enhancement of the Rate of Cess on Tea Exported from India

Letter No. 311 *T.R.*|39, *dated* 16*th January* 1939, *from the Secretary, Government of India, Department of Commerce to Chamber.*

I am directed to enclose copy of a letter from the Indian Tea Market Expansion Board No. 756-T.C., dated the 29th December 1938, and its enclosure containing a letter from the Board to the Indian Tea Association, dated the 22nd September 1938, on the subject mentioned above.*

2. For the reasons explained by them, the Indian Tea Market Expansion Board have suggested that the rate of cess leviable on Indian tea exported from India should be raised from Rs. 1-4 to Rs. 1-6 per 100 lbs. and that the increased rate may be brought into force as soon as possible. Before arriving at a decision the Government of India would be glad to have any observations which your Chamber may wish to offer

* Enclosure not printed.

in the matter. I am to request that such observations may be forwarded so as to reach this Department not later than the 4th February 1939.

Letter No. 297, dated 3rd February 1939, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge receipt of your letter No. 311 (1) Tr. (I.E.R.)|39 of the 16th January 1939, inviting the views of my Committee of a proposal to increase the rate of tea cess from Rs. 1-4 to Rs. 1-6 per 100 lbs. tea exported from India, and in reply to say that my Committee have no objection to the proposal.

APPENDIX 62

Excise Duty on Spirituous Medicinal Preparations — Uniformity in Excise Regulations

Letter No. 494, dated 23rd February 1939, from Chamber to the Secretary, Government of Bombay, Excise Department.

The Alembic Chemical Works Co., Ltd., Baroda, have forwarded to my Committee a copy of their representation to the President of the Indian Industrial Planning Commission. A copy of the representation is enclosed herewith.*

They have pointed out in the representation the various difficulties experienced by the indigenous Pharmaceutical industry, chief among them being the lack of uniformity in the excise rules and regulations as between the various Provincial Governments and the difference in the rates of the excise duties.

This is not a new question. My Committee had occasion to address the Government of India on the subject more than once. As a result of all these representations an Excise Conference was held in November 1937 on which the Bombay Government was also represented. (The Conference passed four resolutions, vide page 5 of the summary of the proceedings

*Representation not printed.

of the Conference published by the Government of India.) My Committee would like to be informed if the Government of Bombay have considered these resolutions and if they have taken any action on them with a view to facilitating the trade in spirituous medicinal preparations.

The Conference also made a definite recommendation that the rate of duty on medicinal preparations should be uniformly fixed at Rs. 17-8 per L. P. gallon for all the Provinces. In Bombay, however, the old rate of duty at Rs. 25-10 continues to be levied. My Committee would like to know if Government have considered the question of a reduction in the rate in the light of the recommendation of the above Conference and if so as to when they expect to have the same reduced. Having regard to the fact that the rate of duty is the highest in Bombay, my Committee feel that the Government of Bombay should take early action in the matter.

They also suggest that the Government of Bombay should pursue with the other Provincial Governments the question of co-ordinating all the proposals in regard to transport and handling of spirituous medicinal preparations in the various provinces and bring about conditions by which the trade will be facilitated. My Committee trust that the matter will receive the favourable consideration of the Government of Bombay at an early date.

APPENDIX 63

Terminal Tax on Tobacco

Letter No. 87, dated 11th January 1939, from Chamber to the Chief Officer, Bandra Municipality.

The Golden Tobacco Co., Vile Parle, who own a cigarette factory in Santa Cruz, within the limits of the Bandra Municipality, have drawn the attention of my Committee to the difficulties experienced by them because of the levy of a terminal tax of Re. 1|- per Bengal maund on tobacco by the

Bandra Municipal authorities. Under the Bandra Terminal Tax Rules, this tax is levied on all tobacco conveyed into the limits of the Municipality and is not subject to any kind of refund. It is however significant to point out that this factory was moved down from Vile Parle to Santa Cruz in the year 1934. At that time the area was under the jurisdiction of the Santa Cruz Notified Area Committee and no such terminal tax was being collected by that body. In 1935, however, the Santa Cruz Notified Area Committee was amalgamated with the Bandra Municipality and this terminal tax, which obtained in the latter municipality, began to be levied on the factory in question. These facts are being mentioned with a view to show that at the time when the factory started its operations in the place in which it is located there were no dues payable in the form of a terminal tax and the Golden Tobacco Co. desire my Committee to place before you this consideration that if they had any knowledge of the possibility of their having to bear such a tax they would never have moved their factory from Vile Parle to Santa Cruz.

From the year 1935 the Company have thus been paying the above tax. From 1st September 1938, however, the Government of Bombay have levied a Sales Tax on tobacco under the provisions of the Bombay District Tobacco Act, 1933, as amended by Act VI of 1938, at a rate of 12½% of the value and Bandra is declared to be within the area in which the tax is authorised. There are, therefore, two taxes on tobacco payable by factories or merchants doing business in Bandra, one in the form of a Sales Tax recovered by Government and the other a terminal tax levied by the Bandra Municipality. It stands to reason that at a time when complaints about trade and business recession are frequent and competition is very keen, the cigarette industry placed in an area like Bandra finds itself unable to bear the burden of such double taxation.

Another particular factor which is to be borne in mind is that the Golden Tobacco Co. is the only unit which is affected by this double levy. Firstly it is the only large cigarette factory within the Bandra Municipal limits ; secondly, it is also the only factory in the area in which, in the first instance,

the Government's Sales Tax is to operate. This factor makes the effect of the double levy on the factory in Santa Cruz all the more burdensome.

Again the cigarette manufacturing industry in the country is a nascent industry which has to struggle against the competition of both imported cigarettes and the products of foreign manufacturers who have put up factories within the country. Such levies in the form of a terminal tax by local authorities put an additional handicap on the competitive capacity of small enterprises like the Golden Tobacco Co. My Committee feel confident that it cannot be the objective of the Bandra Municipal Administration to put any obstacles in the way of the progress of such small industrial undertakings. They have reason to believe that if the terminal tax is continued by the Municipality the factory in question will have, sooner or later, to consider the feasibility of changing its scene of operations. In view of the above considerations, my Committee request that the Bandra Municipality should consider the question of abolishing the terminal tax levied, especially on tobacco as is being used for the purpose of manufacturing cigarettes by the factory situated within its limits.

III.—TRADE, INDUSTRIAL AND LABOUR LEGISLATION

APPENDIX 64

Insurance Legislation in Indian States and Burma

Letter No. 3359, dated 29th December 1939, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

The attention of my Committee has been drawn to the fact that after the passing of the Indian Insurance Act, various Indian States have introduced similar legislation in their territories. As a matter of fact, in the States of Mysore, Travancore, and Kashmir and Jammu such legislation has already been placed on the Statute Book, while in certain other States it is under discussion or in progress. Such legislation, *inter alia* requires deposits of prescribed amounts in State securities or in other approved form and imposes various other obligations on insurers transacting business there, but established in British India or outside the State Territory concerned.

The interests of the insuring public in the States may be deemed to be adequately protected by the fact that under the British Indian law, the requirements in regard to deposit and the provision in regard to accounts provide that the business transacted in Indian State territories should also be taken into account. There is, therefore, no justification for the demands for separate deposits by the States. The business completed in Indian States territory is comparatively small and if insurers have to furnish independent deposits in various States, a fairly good part of their resources will be locked up in that form. Moreover, the facilities for investment in such States are also meagre.

Whatever may be the political relationship between Indian States on the one hand and British India on the other, it has now been recognised that for purposes of trade and commerce, geographical India has to be deemed as one unit

and inter-provincial trade barriers or difficulties must be completely removed. The Government of India Act has recognised this factor and specific provision has been made therein to eliminate such inter-provincial or inter-State barriers. It would be in keeping with the spirit of that provision if Indian States are made to recognise that Indian Companies which conformed to the requirements of the British Indian law should *ipso facto* be deemed to have conformed to the provisions of similar laws in State territories.

My Committee are aware that the provision referred to above in the Government of India Act would come into play only if and when the Federal part of the Constitution is given effect to. It is, however, possible in the interval, by negotiations with the State authorities concerned, to bring about reciprocal arrangements whereby in such matters affecting trade and commerce, the whole country is treated as a single unit.

The same remarks apply to Burma also. Notwithstanding the political separation, in matters of trade and commerce, the two countries have agreed to maintain the *status quo* and this agreement has been embodied in what is known as the Indo-Burma Trade Regulation Order. My Committee are aware that this Order covers only the general trade and the tariff between the two countries and has not specifically provided for matters of the kind under reference. But the very idea underlying the Order and the spirit of the same require that nothing is done by either country which would stand in the way of adequate and equal opportunities being given by one contracting party to enterprises and undertakings established in the territory of the other.

My Committee realise that here also the matter has to be tackled by diplomatic negotiations between the Government of India and the Government of Burma. They suggest that such negotiations may be undertaken, if Government have not already moved in the direction, and that this point should be particularly borne in mind at the time of the forthcoming talks in connection with the future trade relations

between the two countries after the expiry of the period of the present Order.

In this connection, it has also been pointed out to my Committee that the Indian Insurance Act would have to be amended in certain respects to facilitate such negotiations and to permit reciprocal arrangement between British India on the one hand and Indian States or Burma on the other. Under the provisions of Section 116 of the Insurance Act of 1938 the Central Government have been authorised to "exempt any insurer constituted, incorporated or domiciled in an Indian State from the provisions of Section 6 relating to deposits or from the provisions of sub-section (2) of Section 27 relating to the keeping of assets in India either absolutely or subject to such conditions or modifications as may be specified in the notification." My Committee suggest that the power be extended to Insurers constituted, incorporated or domiciled in Burma also.

My Committee further suggest that the power of exemption under Section 116 of the Indian Insurance Act be enlarged and be extended to section 16 for returns by Insurers established outside British India and Section 64 for books to be kept by Insurers established outside British India. My Committee feel that other amendments are also no doubt necessary; but for the moment they refer only to those matters which may be useful in negotiation for arriving at reciprocal arrangements between British India and the States and Burma in regard to the operation of Insurance Companies domiciled in either.

My Committee are mentioning these only as instances of directions in which the Indian Act may have to be amended with a view to facilitate reciprocal arrangements between British India on the one hand and the Indian States or the Government of Burma on the other, so that Companies registered in British India may be allowed to transact business in such territories without being obliged to conform to the requirements imposed in regard to foreign insurers.

My Committee request that the Government of India will be pleased to examine this question and to introduce, at

an early date, the necessary amendments as far as the Indian Act is concerned, and also to undertake and pursue vigorously negotiations with the authorities of the Indian States and with the Government of Burma.

APPENDIX 65

Insurance Act Rules, 1939

Letter No. 12, *dated* 5*th January* 1939, *from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.*

I am directed by my Committee to refer to Government Notification No. 597-I(1)|38, dated 19th November 1938, publishing draft rules under the Indian Insurance Act, and to send to you hereby their views on the same.

Rule 4: While attempting to lay down what shall be insurance business transacted in British India, the rule in question seeks to define what constitutes a contract of insurance. My Committee are advised that the proposal to define a contract of insurance, as attempted in the draft rule, is beyond the competence of Central Government acting under its rule making powers. Section 114(2) of the Indian Insurance Act authorises the Central Government to make rules, prescribing the manner in which it shall be determined for the purpose of the Act what insurance business is transacted in British India. My Committee are afraid that the provision in the Act does not however authorise the Central Government to define what a contract of insurance shall be. The various sections of the Act, as for example, sections 3, 11 and 103, impose obligations on insurers, the primary object of which will be defeated by such an arbitrary definition of the term "contract of insurance". Certain types of business transacted in the country are sought to be removed from the pale of the respective provisions of the Act. My Committee feel that the definition as framed is inconsistent with and repugnant to the provisions of the Act and the whole scheme underlying the same.

If however it is ultimately decided that a provision in the rules defining as to what shall constitute a contract of insurance is *intra vires* the Act and the Rules, my Committee suggest the following provision in place of Rule 4(1) in the draft :

4(1) : "A contract of insurance shall not be considered to constitute an insurance business transacted in British India unless ;

(*a*) the contract is issued in British India by the insurer or through an Insurance Agent or other representative of the insurer in respect of any kinds of risk relating to lives or property in India, or

(*b*) if the insurer has his place of business or domicile outside British India the contract is effected through *solicitation by mail or telegram or through advertisement in British India or through* an insurance agent or other representatives in British India of the insurer."

Rule 4(2) : The words beginning from "or" and ending with "Act" in lines 8 and 9 of this sub-rule be deleted.

Rule 5(6) : In the case of sterling securities deposited with the Reserve Bank by Insurance Companies, the same are for purposes of valuation under the Act to be converted at 1sh. 6d. to a Rupee, my Committee suggest that instead of prescribing a rate of exchange, a provision that the same shall be converted at the statutory rate of exchange may be deemed. sufficient and suggest that the rule be amended accordingly.

Rule 11 : The declaration in question should be on oath. Therefore the form of declaration, namely form V should accordingly be changed making due provision for the statement contained therein being affirmed on oath.

Rule 12 : Provision (a) in Rule 12 be changed as under:

12(a) : "a description of the contingency or event to be insured against and in the case of Life Insurance of the

class or classes of lives eligible for insurance under the terms of the prospectus or table;"

Rule 13: The words "or other documents" in the first line of the draft rule be deleted.

Rule 14(1) (a): After the word "assignment", the words "or nomination" be added.

Rule 14(1) (b): The draft rule provides that a person who is a holder of a life insurance policy of not less than Rs. 1,000|- including any bonuses may be deemed to be qualified for election as a Director representing policy-holders. My Committee believe that the prescribed qualification is inadequate and that in order to secure that persons, so elected to represent policy-holders as Directors, are of the right type having stake in the Company, it is necessary that a large policy amount should be prescribed. Generally, for election as a Director of a Company, representing share-holders, a share-holding of a prescribed value is deemed necessary and, on the analogy of such a provision, my Committee suggest that holding of a policy or policies of a sum not less than Rs. 5,000|- *excluding* bonuses should be prescribed for this purpose. The rule should therefore be amended accordingly.

Rule 15(1): The election of Directors should be by persons who hold, otherwise than by way of assignment or nomination, a policy or policies of life insurance of not less than Rs. 1,000|- where each of such policies has been in force for not less than one year immediately preceding the date of the notice convening the meeting where the election is to take place. The prescription of qualification for policy-holders entitled to vote at meetings for the election of policy-holders' Director, as above, is necessary to prevent any attempt at elections being influenced by questionable tactics. Changes as above may therefore be made in this sub-rule.

Rule 15(2): The provision that notice to policy-holders should include the rules governing attendance and qualifications etc. will be found inconvenient, if not impracticable. Instead, my Committee suggest that it may be provided that

at the time of issuing a policy, the same should be accompanied by a statement summarising the Rules and Provisions regulating the election of policy-holders' Directors.

As regards notice also, the procedure suggested, besides being very costly, is very elaborate and cumbersome. My Committee suggest that a Company should be deemed to have given sufficient notice of the meeting if it publishes only once the notice

(*a*) in one English and in one of the principal vernacular newspapers of the capital town of the Province in which the Company is situate ; and

(*b*) in one newspaper, either English or Vernacular, of other Province or Provinces from which there are policy-holders assuring in the aggregate, a sum of not less than Rs. 50,000/-.

My Committee also suggest that the Companies should be given the option to send individual notices in cases where they find such notices more feasible or convenient than notices by publication in newspapers. This is necessary because in a Province where there may be only about half a dozen policy-holders it would facilitate matters to send individual notices to the policy-holders and at the same time the object Government have in view in prescribing public notification will not be defeated.

Rule 15(3) : My Committee do not see any reason why voting by proxy should be disallowed. Policy-holders would be distributed throughout the country, and they cannot be expected to undergo the trouble and expense involved in personally attending such meetings for the purpose of electing Policy-holders' Directors. The restriction, therefore, will be an avoidable limitation on the free exercise of their vote by Policy-holders. My Committee, therefore, suggest that voting by proxy should be allowed ; but the proxy should only be in favour of a policy-holder who is otherwise a voter under these Rules.

In view of the difficulties and cost involved in such elections, it would be advisable to have such elections at an

interval of two years, instead of every year. Even if all the old policy-holders' Directors are substituted by new ones the continuity of the policy of the Company will not suffer as there are the other Directors.

A saving clause that accidental omission to send notice or notices to any policy-holder or policy-holders shall not invalidate the proceedings of the meeting in question, should be added.

Rule 26: This rule relates to furnishing of statements with regard to matters in addition to the matters expressly specified under Section 13 of the Act. The Central Government under the Rule-making powers have no authority to make any additions to Section 13 of the Act as intended under this rule. This rule, therefore, should be deleted.

My Committee hope that changes on the lines indicated above will be made, before the Rules are finally approved.

APPENDIX 66

Bill to Regulate Imports, Manufacture and Sale of Drugs

Letter No. 2213, dated 22nd August 1939, from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

My Committee have seen and considered the Drugs and Pharmacy Bill prepared and submitted to the Government of India by the Indian Chemical Manufacturers' Association. The need for legislation to control and regulate the import, manufacture and sale of drugs and medicines had been stressed by the Drugs Enquiry Committee which reported in the year 1931. My Committee had also in the past supported the demand for such legislation. The principle of such legislation therefore is in accord with authoritative opinion and with the views expressed by my Committee previously. My Committee beg to request the Government of India to be pleased to prepare such a legislation and get it through the Central Legislature in the interests of the Drug and Pharmaceutical

industry in the country. The cry for having a comprehensive and satisfactory legislation to deal with the evils of adulteration, imitation etc., is there since a long time past and all these evils persist in the absence of a suitable legislation. In view of the fact that the special Committee appointed by Government had stressed the necessity for it, in view of public expressions of opinion from all quarters in support of such legislation and in view of the delegation of special authority by all the Provincial Governments to the Central Government my Committee hope that the suggestion made by them and other commercial bodies will now be accepted.

APPENDIX 67

Bill to Consolidate and Amend the Law Relating to Arbitration

Letter No. 2386|4-B, dated 22nd August 1939, from the Secretary, Government of Bombay, Home Department, Bombay to Chamber.

I am directed to forward herewith copies of the Indian Arbitration Bill,* with a Statement of Objects and Reasons and Notes on Clauses, which was published in the Gazette of India, dated the 22nd July 1939 and to request that you will be so good as to move the Indian Merchants' Chamber to favour this Government, with their views on the provisions of the Bill and in particular on the proposals contained in clauses 17, 18, 32, 33 and 35 of the Bill. The views of the Chamber will be forwarded by this Government to the Central Government.

The views may kindly be sent in triplicate, by the 1st October 1939.

Letter No. 2682, dated 11th October 1939, from Chamber to the Secretary, Government of Bombay, Home Department.

I am directed to refer to your letter No. 2386|4-B dated the 22nd August 1939 and, in reply, to send to you hereby,

* Enclosure not printed.

in triplicate, the views of my Committee on the provisions of the Indian Arbitration Bill.

The Indian Arbitration Act and the Second Schedule to the Code of Civil Procedure which at present govern Arbitration in India were enacted as far back as 1899 and 1908 respectively. Since then there has been a good deal of development in regard to legislation in commercial matters and it is, therefore, meet and proper that an opportunity should be taken to consolidate and codify the law governing arbitration in India. In the field of commerce particularly the great advantage conferred by the procedure of arbitration in settlement of disputes has been recognised. The delay and heavy expenses inseparable from ordinary law suits are minimised by recourse to arbitration and in modern times when the international aspect of trade and commerce is assuming greater importance the expense and difficulties inherent in suing anybody in a foreign country for satisfaction of claims may well be obviated by recourse to arbitration under the aegis of recognised organisations. My Committee, therefore, welcome the proposal of the Government of India to standardise the law relating to arbitration throughout India and are in general agreement with the principle underlying the Bill.

While on this subject, my Committee would like to refer to a matter, which, while it may not concern directly any of the provisions in the Bill, has an important bearing on the whole subject-matter of settlement of disputes by aribitration. A complaint is frequently heard that in commercial matters an agreement to refer disputes to arbitration is obtained by one of the contracting parties, without the specific consent of the other, having certain arbitration clauses in price lists, indent forms or confirmation orders. More often than not, the party of the second part has not formally accepted such a condition and this often leads to the allegation that the consent to arbitration was never accepted and that such acquiescence should not be deemed as consent. It is, therefore, necessary that on such occasions the arbitration clause shall be expressly accepted by both the parties. My Committee

realise that it may not be possible to provide for this in the Statute itself, but by some provision in the rules, it may at least be provided that the clauses relating to arbitration should be printed or written in the contracts or other instrument of terms in as prominent a manner as the other terms and conditions contained therein.

With these general remarks my Committee proceed to give their views on the clauses of the Bill *seriatim*.

Clause 4. My Committee are in agreement with the provisions in this clause that arbitrators may be appointed by third parties. Generally in commercial contracts where arbitration under the aegis of a trade association is agreed to, the power to such association to appoint arbitrators under certain circumstances has proved to be salutary and has worked well in practice.

Clause 6. It is provided in this clause that an arbitration agreement shall not be deemed to be discharged by the death of a party thereto, but that the same shall be enforceable against the *personal representative* of the deceased. Doubts have been expressed as to the exact implication of the connotation "personal representative" and my Committee suggest that in order to clear such doubts, the term *personal representative* be substituted by the words "legal representative" or the words "Executors, Administrators or Heirs" of such deceased person.

Clause 8. My Committee suggest that this clause should be confined to the arbitration of one or two arbitrators only and that the word "more" in clause 8(a) be deleted. The case of three or more arbitrators should be dealt with separately as is done under the English law.

In this connection, my Committee would like to suggest that the provision in the first schedule viz., Clause 2 regarding appointment of an Umpire should be modified and should be incorporated as a section of the Act as under :—

> "Where a submission provides for the appointment of two arbitrators who are to appoint an umpire, then it should be the duty of the arbitrators to appoint the

umpire immediately after they are themselves appointed and before the commencement of the reference. If they fail to do so, either party to the submission may apply to the Court to appoint an Umpire."

Clause 10. Arbitration under the Act by more than three arbitrators is being introduced for the first time. My Committee are of opinion that changes in the following directions should be made in the provisions in this section :

(*a*) Even if there are more than two arbitrators, in case of difference of opinion, the matter shall be referred to the Umpire who shall be appointed by the arbitrators immediately after they are themselves appointed and before the commencement of the reference.

(*b*) That the third arbitrator referred to in clause 10(i) shall not *ipso facto* be considered to be in the nature of an Umpire.

(*c*) That in such circumstances where there is no unanimity in regard to the appointment of the umpire, such umpire shall be appointed by the Court, and

(*d*) that in case of arbitrations by more than two arbitrators the award to be valid and binding shall be unanimous and in case of difference of opinion, the majority view shall not prevail, but the matter shall be referred to the umpire appointed at the commencement of the reference whose award shall prevail.

My Committee are particularly emphatic that the arbitration awards should be final only if they are unanimous. The existing provision that the majority view shall prevail is likely to do great injustice to the parties in an arbitration who happen to be in the minority. To cite an instance, in a joint family partition dispute, where the majority of the members of the family may be in agreement and where each interest may have appointed a separate arbitrator, the statutory provision that the majority verdict shall be conclusive will prove to be a hardship to the minority. It is, therefore, necessary to provide that in arbitrations by more than two arbitrators

the award, to be binding, should be unanimous and in case of difference of opinion, the matter should, as a matter of course, be referred to the umpire.

Clause 13(d). In regard to the provision empowering arbitrators to state a special case for the opinion of the Court, my Committee suggest that it may be specifically provided that this power is to be exercised at the discretion of the arbitrators or agreed request by all the parties to the proceedings, and that it shall not be competent to any of the parties to the proceedings to demand or require that such a case shall be stated.

Clause 17. Under the existing Arbitration Act, 1899, an award when filed is to be enforceable as if it were a decree. Under the provision in the Bill an award must be brought to the Court and a formal judgment must be pronounced in order to confer on it the force of a decree. My Committee feel that this provision will unnecessarily complicate arbitration procedure and add to the expenditure of the parties. It is suggested that as heretofore an award *prima facie* should be deemed as a decree and should be enforceable as such. In the case of awards which relate to pending suits, the procedure of confirmation by Court should be followed as under the existing Second Schedule to the Civil Procedure Code.

Clause 29. Paragraph 3 of the First Schedule provides that the arbitrators shall make their award within three months after entering on the reference or within such extended time as the Court may allow. Thus if the arbitrators are not able to come to any decision within three months, they have necessarily to go to the Court for extension of time and the powers to the arbitrators under the existing Act of extending the time for the award are taken away. My Committee suggest that in some cases this may prove to be a hardship. They therefore propose that arbitrators by agreement should be empowered to extend the time by not more than three months. Power of further extension, i.e. extension for a period beyond six months from the date of the reference should be vested in the Court. These proposals may be incorporated

by corresponding changes in Section 29 and paragraph 3 of the First Schedule.

Clause 38. In case of disputes as to arbitrators' remuneration or costs, the Court may be given power to fix such remuneration or costs and to order the same to be taxed. The Court should also have discretion regarding the amount to be deposited in Court by the party in respect of such disputed costs. Changes to this effect may be made in the clause.

Clause 47. As regards the provision under Clause 47 that the Act shall apply to all arbitrations and any arbitration award otherwise obtained shall not be enforceable, my Committee are of opinion that an award made in a pending suit without the intervention of the Court should not be made illegal, but should be treated as a compromise or adjustment of the suit and such a compromise should be allowed to be recorded under the provisions of Rule 3, Order XXIII of the Civil Procedure Code as was done heretofore.

APPENDIX 68

Bombay Agriculturists Debt Relief Bill

Letter No. 1697, dated 5th July 1939, from Chamber to the Secretary, the Government of Bombay, Finance Department.

The attention of the Committee of this Chamber has been drawn to the above Bill, and I am directed to send to you hereby their views, so far as the important aspects of the problem are concerned.

My Committee have always held the opinion that the Shroffs or village bankers in this country are fulfilling a very important function. Since centuries past, they have acted as bankers and have given relief to agriculturists. In fact, some of the shrewdest critics of the Indian situation have remarked that the only reason why Indian agriculturists, despite so many waves of foreign invasion and despite so much

of heavy taxation and other factors working against their interests, have managed to keep their heads above water, is the institution of Shroffs. Unfortunately, the tendency has been manifest since sometime past of under-rating the services of these Shroffs and undermining their influence, either by legislative or executive measures. While my Committee appreciate the desire of the Government of Bombay to relieve the heavy indebtedness of the agriculturists, they are constrained to remark that the way in which the relief is proposed to be given may harm in a very vital manner the shroffs or the village bankers, whom, it has become a fashion in some quarters, to run down and criticise as exploiters. It is proposed to finance the future requirements of agriculturists through co-operative agencies by compelling agriculturists who have taken advantage of the debt relief bill to join a co-operative resource society. While admitting that co-operative credit agencies have in the past done something to relieve agricultural indebtedness, my Committee would like the Government of Bombay to realise what enormous expansion it would mean of the co-operative credit movement and the co-operative financial agencies if they are to tackle the whole problem of agricultural indebtedness in the Province. Government would have to place large resources at the disposal of co-operative agencies if they are to tackle this problem as a whole. Otherwise, the farmer will not be able to borrow from the Shroffs in view of the provisions of the Debt Relief Bill and he will not be able to borrow from the co-operative societies in view of their limited resources, and the state of the agriculturist borrower, whom this bill is intended to help, will be worse after the bill than before.

(*a*) The Bill lays down that every debtor or creditor, even if both of them are unwilling, must perforce approach the Debt Adjustment Board, as otherwise the debts would be considered as discharged.

(*b*) Under Clause 29 if the application is not made within one year by the creditor to the Board, the debt will be deemed to have been discharged. My Committee are strongly of

opinion that this Clause is likely to be abused and, therefore, recommend that it should be deleted.

(*c*) The definition of an agriculturist, as given in the Bill, is too wide. My Committee realise that the definition of a debtor lays down that it means an individual who holds any land for agricultural purposes and who has been cultivating such land personally. "Cultivating personally", however, is defined as cultivating by one's own labour, or by the labour of any member of one's family, or by servants or hired labour under one's personal supervision or the supervision of any member of one's family. It will be thus seen that the term agriculturist may include even an absentee landlord. As a matter of fact, the legislation in question should be meant for genuine agriculturists only and the debtor, it should be laid down, should be entirely dependent upon his agricultural income.

(*d*) The limit of debt laid down of Rs. 15,000 should be reduced to Rs. 2,000. Scaling down of debts should be by First or Second Class sub-Judges. These sub-Judges might co-opt two or three local men as Assessors or members of the Conciliation Adjustment Boards. It is said that when the draft of the Bill was being considered, it was decided to apply it in the case of small holders only. It is now however found that the scope of the Bill is so widened as to include people who have secured debts of loan amount upto Rs. 15,000 besides unsecured debts.

Clause 39 of the Bill prescribes the method of taking account in the process for adjustment of debts. It is provided that simple interest on the balance of principle debt outstanding should be allowed at 6 per cent per annum in respect of debts incurred before January 1939. My Committee are of opinion that the rate of interest allowed is extremely inadequate. Even with the existing easy money conditions at present, an ordinary merchant cannot get a loan for his business requirements at less than about $7\frac{1}{2}$ per cent. There were periods in the immediate past when the ruling rates of interest were high, when even inter-bank lending was carried on at

5 and 7 per cent and when the Government of India themselves had to pay about 6 per cent for their borrowings. It is, therefore, naturally unfair to call upon the shroffs or village bankers to be satisfied with a rate of interest as low as 6 per cent for such periods. As a matter of fact, the Shroff himself might have borrowed money during those periods in order to lend it to the agriculturist, basing his calculations on the margin of interest he might get between his borrowing from banks or other sources and his lending to the agriculturist. Moreover, Co-operative Societies were and are even now charging a much higher rate of interest on all their constituents, including agriculturists and it will be unfair to ask a particular section of the money-lending community to be satisfied with a rate of interest which does not take into account the corresponding rates prevailing in the money market during the respective periods. My Committee therefore suggest that Government should at least allow 9 per cent interest on secured debts and 12 per cent on unsecured debts.

In the process of taking accounts, the Shroff or the creditor should not be asked to produce books of account which perhaps he has not kept. Money lending particularly in the mofussil is carried on by the Shroff himself who does not keep any elaborate staff and who is not accustomed to modern methods of accounting. He would not have also anticipated such a legislation and could not have foreseen the necessity of keeping regular accounts to support his claims as a creditor. The documents which a debtor must have passed or executed in favour of the creditor should, *prima facie*, be accepted as constituting the necessary evidence and claims should not be frustrated on the excuse of absence or inadequacy of accounts in proper form.

Clause 41. Under this clause power is proposed to be given to the Board to declare sale transactions, under certain circumstances, to be mere mortgages. This is, in the opinion of my Committee, a step which will destroy sanctity of contracts and unsettle rights properly acquired in the ordinary course of money lending business. As long as there is a regular sale effected, the Board should not be empowered to

go behind the transaction and to see if the sale was in satisfaction of mortgage debt, and if so to revoke the same and to consider it afresh as mortgage. The Board should only, on submission of proper evidence that there was no *bona fide* sale, declare such transactions in the nature of a mortgage, and the onus of proving and producing the necessary evidence to get the sale being reconsidered and declared as mortgage should be thrown on the debtor. My Committee would prefer the power in this clause to be completely taken away; at all events they would suggest that if such a power is to be retained in the Act it should be exercised only on presentation of adequate evidence by the debtor and a mere allegation should not, as a matter of course, entitle the debtor to the transaction being reopened and declared a mortgage.

Clause 75. It has been pointed out to my Committee that the provision in this clause will interfere with the normal marketing of agricultural commodities and will affect adversely the very agriculturists whom it is intended to protect. The clause prohibits alienation of standing crops by any debtor who is a party to the award and who is indebted to a resource society without the previous permission of the society. Any such alienation is made void in law and is made punishable in a civil court. The burden of ascertaining whether a seller is or is not an agriculturist debtor who is indebted to a resource society and whether he has obtained the previous permission of the society is thrown upon the buyers of the agricultural commodities concerned. It will be very difficult for *bona fide* buyers to ascertain and find out whether the debtors conform to the requirements of this clause. The result will be that buyers will be exposed to the risk of their purchases being declared void in law if it is found subsequently that the seller is an agriculturist debtor who has compounded his debt and who is indebted to a resource society. Free marketing will receive a set-back and in actual practice the agriculturists themselves will find this provision to their disadvantage.

My Committee would like Government to consider the above practical difficulties and would suggest such changes

in the clause as would meet the difficulties. One suggestion that has been made to my Committee is that a provision may be made in the Act or in the rules for the publication of lists of agriculturist borrowers and alienation from only such borrowers whose names are published in these lists should be void. My Committee recommend that clause 75 should be modified so as to protect the *bona fide* buyer from the risk of his purchases being declared void.

Under all these circumstances, my Committee hope and trust that Government will be pleased to reconsider the whole bill and introduce such changes as are suggested to safeguard the interests of the Sowcars, the village bankers and Co-operative Financial agencies which means also the interests of the agriculturists ultimately.

APPENDIX 69

The Bombay Weights and Measures Rules

Letter No. 2106, *dated* 11*th August* 1939, *from Chamber to the Secretary, Government of Bombay, General Department.*

The attention of my Committee has been drawn to the proposed additional Rule No. 127B to the Bombay Weights and Measures Rules under which it is prescribed that expenses incurred by an Inspector in regard to travelling, cartage, carriage, etc., in connection with verification or re-verification of weighing instruments and appliances are to be recovered from the owners thereof. My Committee have received complaints from mercantile interests that the said provision would prove to be burdensome particularly in the case of owners of factories in mofussil places. In such cases the travelling and other expenses are bound to amount to a substantial amount and it is unfair to the merchants and business houses concerned to be called upon to bear the same. My Committee think that the better procedure is that the Inspector should inform all the owners of factories of his itinerary and they should bring

all their requirements to his notice. If he visits a factory or a commercial office while he is on such a tour, no expenses should be charged, but if he is called specially all such expenses should be held chargeable. My Committee, therefore, are opposed to the provision in the above additional rule and request that Government will be pleased to abandon the proposal.

In this connection, my Committee would also like to suggest that when Inspectors go out for inspection of heavy installations like weigh-bridges, etc., at factory ends, they should also inspect, verify and certify all the other weighing or measuring instruments and appliances at such ends without extra fee and the usual procedure of getting these appliances and instruments for verification at the office of the Inspector should not be insisted upon. This is only a matter of administrative convenience and my Committee hope that the department will have no difficulty in accepting the same.

APPENDIX 70

Unitary Control of the Stocks, Shares and Securities Market

Letter No. 2593, dated 29th September 1939, from Chamber to the Government of Bombay, Finance Department, Bombay.

The Government of Bombay have announced their intention to control excessive speculation in cotton during the period of war and have, in this connection, already promulgated an Ordinance embodying the details and the nature of such control. They have also indicated their intention to introduce legislation for such control.

My Committee are of opinion that it is as necessary to have control of excessive trading in the Share and Securities market as it has been deemed necessary for the cotton market. Government were led to promulgate the recent Ordinance with regard to cotton because of their apprehensions as to the reactions on the public following the tendency to speculate

and to have wide fluctuations during the crisis we are passing through. The same state of things exists in the Shares and Securities market and while my Committee are prepared to admit that in all these markets there is an element of justifiable fluctuations in prices in times like these, there is also an element of speculation which may not be in the interest of trade. Such trading brings about wide fluctuations in prices and brings about a crisis which adversely affects *bona fide* investors.

Under these circumstances, my Committee strongly urge that Government will be pleased to take powers to amalgamate the two Stock Exchanges by compulsory Arbitration if no agreement is arrived at between themselves.

My Committee had, in this connection, addressed à letter to your Department on 8th June 1938, a copy of which is sent herewith for purposes of ready reference.*

APPENDIX 71

Amendments to the Rules of the Ahmedabad Share and Stock Brokers' Association

Letter No. 3320|33-D, dated 3rd October 1939, from the Secretary, Government of Bombay, Finance Department to Chamber.

With reference to the subject mentioned above, I am directed to invite the attention of your Chamber to Government Notification, Finance Department No. 3320|33-D dated 26th September 1939 (copy enclosed) which has been published at pages 1775 to 1780 of Part IV-A of the Bombay Government Gazette dated 28th September 1939.

Letter No. 2855, dated 28th October 1939, from Chamber to the Secretary, Government of Bombay, Finance Department, Bombay.

I am directed to refer to your letter No. 3320|33-D, dated 3rd October 1939, and in reply to send to you hereby the

* Copy not printed.

views of my Committee on the draft amendments to the Rules of the Ahmedabad Share and Stock Brokers' Association, published with Government Notification, Finance Department, No. 3320|33-D, dated 26th September 1939.

Rule 7 (a): This rule excludes any person engaged in any business other than that of a broker in stocks, shares, etc. from membership of the Association. In this connection, my Committee had, in their letter No. 1318, dated 27th April 1938, addressed to Government in connection with the amendments to the Rules of the Bombay Native Share and Stock Brokers' Association, urged the desirability of removing the restriction on persons engaged in other business in regard to membership of that Association. Similarly, my Committee suggest that the restriction should be removed in regard to the membership of the Ahmedabad Share and Stock Brokers' Association also.

Rule 7 (c): The existing Rule 7 (c) prohibits membership of any other stock exchange in Ahmedabad for purposes of being eligible for membership of the Ahmedabad Share and Stock Brokers' Association. The draft amendment proposes that membership in any other Stock Exchange in India be prohibited. My Committee are opposed to this change, as they feel that there is no justification for putting such a wide restriction.

Rule 25: This rule gives power to the Board to expel members elected after 1st December 1937, if they are members of other trades, stock exchange, etc. My Committee have recommended above the removal of the restriction in regard to membership of other trades, etc., and consequently the power of expulsion does not arise, and they, therefore, suggest that the same be dropped.

Rule 222: The amendment proposes that the power vested in the Board to add to or vary the prescribed holidays should be taken away. My Committee are of opinion that the power at least to vary the holidays should be retained. In regard to certain religious holidays, it sometimes happens that the day does not correspond to the date fixed for the

same, and the power to vary such holidays is, therefore, necessary.

My Committee hope that the above suggestions made by them will be considered favourably by Government and necessary action taken accordingly.

APPENDIX 72

Bill to Provide Regulation of Lifts

Letter No. 458, dated 21st February 1939, from Chamber to the Secretary, Government of Bombay, Public Works Department, Bombay.

The attention of my Committee has been drawn to the Bill No. XLVII of 1938, providing for the regulation of the construction, maintenance and working, etc., of lifts published in the Bombay Government Gazette, dated 19th December 1938. My Committee are in general agreement with the principle underlying the Bill ; but they are of the opinion that the same should not apply to lifts in premises covered by the Indian Factories Act as such lifts are subject to the supervision and regulations of the Factories Department. They, therefore, submit that lifts in factories as above should be specifically excluded from the operation of this legislation.

They further feel that the licence fee to be prescribed under the Rules under the Act should not involve a burden on the owners of buildings and, therefore, recommend that such fees should not in any case exceed Rs. 10 per year.

The provision in Clause 7 of the Bill entitles any Officer of the department to enter any building for inspection of lifts and installation *at any time*. My Committee feel that such inspection should be permissible only during *day time* and, therefore, suggest that the words used viz. 'any time' in the Clause of the Bill should be changed.

My Committee hope that Government will be pleased to accept their above suggestions and to get the Bill amended accordingly.

APPENDIX 73

"Jangad" Business in the Diamond Trade *

Letter No. 1682, dated 3rd July 1939, from Chamber to the Secretary to the Government of Bombay, Home Department.

I am directed by the Committee of this Chamber to draw your attention to the correspondence ending with your letter No. 5396|2-IV-B dated 11th November 1938 regarding amendment of Indian Sale of Goods Act, 1930 in respect of Jangad transactions. My Committee have been considering the position ever since the reply from Government and have been feeling keenly the position that has arisen for the diamond and jewellery trade of this City. Government are not unaware of the position occupied by the diamond trade. It is one of the most important trades in the City in the hands of Indian merchants and the prosperity and pre-eminent position which Bombay occupies at present in the country are due, to no small extent, to them. It is an old established trade and Indian merchants are practically in monopoly of it since the last several years. They have acquired a specialised knowledge of the trade and have got branches in London, Paris, Antwerp, Amsterdam and New York and other places. They have been keenly interested in the legal issues involved in Jangad transactions and have always insisted on the interpretation that 'Jangad' *simpliciter* constituted a mere entrustment and that the property in the goods never changes hands. The protection that was more or less enjoyed by the trade was recently entirely taken away by the interpretation put upon the expression 'Jangad' in the judgment delivered by the Appellate Bench of the Bombay High Court consisting of Sir John Beaumont and Mr. Justice J. N. Wadia in Criminal Appeal No. 413 of 1935 in the case of Hiralal Jiwaraj *alias* Jivabhai versus Imperator. Since then my Committee and the Diamond Merchants Association have been trying both with the Government of India and the Government of Bombay to get the matter set right and thus to save the diamond

* Vide Report 1938, p. 428, for previous correspondence.

and jewellery trade. Unfortunately, this has not been done. My Committee are now again venturing to approach the Government of Bombay with a request that they should come to the help of the diamond and jewellery trade. Bombay is the place where the diamond and jewellery trade is carried to the biggest extent and my Committee consider that it is the duty of the Government of Bombay to help this local trade.

My Committee hope that this request of theirs will be granted.

APPENDIX 74

Questionnaire Issued by the Textile Labour Enquiry Committee, Bombay

Letter No. 2646, dated 29th November 1938, from the Secretary, Bombay Textile Labour Enquiry Committee, Bombay to Chamber.

With reference to the correspondence ending with your letter No. 142 dated 14th January 1938 I am directed to inform you that the Committee are anxious to have the views of your Chamber on the various matters referred to in their questionnaire. I am to point out that apart from the technical and other details asked for there are several important matters referred to in the questionnaire on which your Chamber's views would be greatly appreciated. As the Committee are likely to commence their public sittings very shortly I am to request that any memoranda that your Chamber may wish to submit may kindly be furnished as early as possible.

Letter No. 256, dated 30th January 1939, from Chamber to the Secretary, Textile Labour Enquiry Committee, Bombay.

I am directed to refer to your letter No. 2646, dated 29th November 1939, and in reply to send to you hereby a statement of the views of my Committee on the subject matter under reference.

2. Before my Committee deal with the various questions contained in the Questionnaire, they would like to place before the Enquiry Committee some general considerations which should be prominently borne in mind in considering this matter. They are also forwarding herewith a copy of the views expressed by them on the Interim Report of the Textile Labour Enquiry Committee, and a copy of a letter they had addressed to the Government of Bombay on the question of introduction of sick leave with pay (sickness insurance) for industrial labour in the Presidency. These two representations contain a general statement of views on some of the matters covered by the present Enquiry.

3. Under the terms of reference, the Enquiry Committee are expected to investigate into the question of adequacy of wages and kindred matters in the textile industry of the Province. In the first place, my Committee wish to submit that the question connected with standard of wages or standard of living in any particular branch of industry has a close bearing on the standards obtained by labour in general in the country. It cannot be the aim and object of any enquiry to push up artificially the standards obtaining in a particular industry. Pushing up wages and other conditions of work in the textile industry alone will, by the consequent increase in the price for textile goods, add to the cost of the living of the working class population. This aspect was very succinctly dealt with by the Royal Commission on Labour when they observed that :

> "any policy which raises cost of the articles to the consumer in order that industrial workers may achieve a standard of living disproportionately greater than that of his agricultural brother, is justifiably open to criticism since it would involve the taxation of approximately 340 million people for the benefit of about two million industrial workers."

Any step, therefore, to increase the standard of living or wages of a section of workers should be considered and studied with this general background of standards obtaining in other walks

of life in the country. With a preponderating agricultural population and with an estimated per capita income of less than Rs. 100/- per annum, the standard of income or wages for other workers in the country must be admittedly lower and, as pointed out by the Royal Commission on Labour, any serious addition to the cost of production in the textile industry, will have ultimately to be borne by the rest of the community. My Committee are drawing pointed attention to this factor, as the issues involved are of paramount importance in deciding the question of adequacy of the existing wage level.

4. Secondly, the ability of the industry to bear any additional burden by way of increased wages and other amenities should be considered not by treating the industry of the Presidency as an isolated unit but by taking the industry as a whole in the country. There are textile mills in other Provinces of British India and in Indian States. Even as it is, there is room for a legitimate grievance that the competitive capacity of the textile industry of the Bombay Presidency vis-a-vis the industry in the rest of India is handicapped by the cheaper production cost and lower wage levels in other parts of the country. This is more so vis-a-vis factories located in Indian States territory, where labour standards are lower. It is, therefore, submitted that this factor should be given a serious consideration before formulating proposals which would have the effect of adding to the cost of manufacture of the textile industry of this Province. Co-ordination on an All-India basis of all legislation tending to raise cost and tax burdens should be first secured and assured before such legislation is enforced piecemeal in a particular Province.

5. In the third place, external competition is another factor which requires serious consideration. Even as it is, the textile industry is a protected industry ; it is only by virtue of the protection afforded by the tariff wall that the industry has been able to survive in the country. My Committee need not draw the attention of the Enquiry Committee to the history of the fight for protection which the industry had to put

up from time to time. Uncertainties connected with the continuance of the necessary measure of protection had always been a worry to the industry. There are already fears in the public mind, both because of certain anti-protectionist tendencies recently visible in those in charge of the affairs at the Central Government and because of the persistent agitation of the Lancashire textile interests for lowering the tariff on textiles, that the industry will be hard put to get the same measure of protection continued after the forthcoming Tariff Board Enquiry in 1939.

6. In the fourth place, a Provincial Government, while it can initiate and direct measures for labour welfare, has not in its hands the necessary powers for assisting the industry in certain essential matters. Thus, in the matter of fiscal policy, on which the future of the industry greatly depends, the Provincial Government has no say. Again in regard to the currency and exchange, even the strong representations made by Provincial Governments for lowering the ratio have been of no avail. The artificial appreciation of the external value of the Rupee put a handicap on the competitive capacity of the industry as against imported textiles from countries manipulating exchange at will. My Committee are mentioning these to point out that in matters of difficulties, which the industry has to face, relief can only be brought about by action on the part of the Central Government, and as long as the Provincial Government is not in a position to shape or influence the action of the Central Government on such occasions, the former should give adequate consideration to all the factors affecting the industry before taking any steps which would add to the difficulties or to the cost of the industry in the Province.

7. Fifthly, when the economic condition of the industry is being examined with a view to its ability to bear any additional burden, a survey of the conditions of the industry for over a period of years should be taken and considered and the recommendations for action should not be with reference to any particular period ; for instance during the last one year or so the industry has been facilitated by the

low prices obtaining for cotton and by the easening of foreign competition due to international factors. This temporary state of affairs should not be taken as a background for coming to any conclusion that the industry is prospering and that, therefore, it can well stand any increase, for all times, in the cost of its production. For a series of years the industry passed through a dismal state of affairs and it is even now too early to say if it has definitely turned the corner. My Committee, therefore, earnestly urge that in coming to any conclusion on the main theme of the enquiry, the present day conditions of a temporary character should not be given overwhelming importance.

8. Lastly, it must be remembered that if by any hasty decision any burdens are imposed on the industry, it would be well nigh difficult, at a future date, if it was found and acknowledged that such burdens were unjustified, to take steps to remove them. Wages increases, once effected, will tend to become permanent, even if the conditions in the industry change for the worse. Labour interests will resist any going back on the level of wages. It would be pertinent to enquire, if the condition of the industry deteriorates, whether Government will be prepared to enforce an immediate reduction in the scale of wages. Moreover, under the Industrial Disputes Bill recently passed by the Provincial Legislature, changes in conditions of service once made under stress of temporary factors cannot be easily altered.

9. It is, therefore, necessary to give adequate consideration to all these aspects before coming to any conclusion on the adequacy of the existing level of wages in the textile industry and on the capacity of the industry to bear any increase in that level.

With these general remarks, my Committee now proceed to reply to the Questionnaire issued by the Enquiry Committee.

"B"

Question 18: How would you define a living wage standard ?

Answer : The expression 'living wage', is rather too elusive to be defined. Its conception should vary from industry to industry and from locality to locality. It is, however, felt that ' living wage ' would mean a sum sufficient for the normal and reasonable needs of the average employee in the locality where the work under consideration is done. It must be borne in mind that the variations in the price index ought to affect the sum to yield a living wage and, therefore, must vary accordingly. In terms of money, therefore, a living wage will not be a fixed amount, but an amount that should change at intervals in accordance with the changes in the prices of articles of necessity. The rate of ' living wage ' will not, however, take into account a larger family than is taken on an average, or the expenses that would have to be borne for long periods of sickness of the members of the family or of the worker himself. A Committee of enquiry may well be appointed to determine the standard of living, based on the nutritive value of the kind of food generally taken in different centres of the Province.

Ques. 19 : What do you think would be the effect on the payment of a living wage on the efficiency of the workers ?

Ans. : Investigation has yet to be carried out in this connection. In order to discover by experiment how increased earnings, or the grant of living wage standard react upon efficiency, we should need to investigate the output of the *same individual workman in the same environment* under both low wages and a grant of living wage conditions. My Committee, however, understand that the increase in wages in the Mill industry, pursuant to the interim recommendations of the Textile Labour Enquiry, was followed by increased absenteeism. It is, therefore, difficult to conclude that better wages would automatically induce greater efficiency.

Ques. 20 : What should be the composition of a standard family in reference to which the living wage standard shall be fixed ?

Ans.: The composition of the standard family on an average for India is 4.2 (children only). In the Bombay Presidency, the average is 4. The number of children per family surviving for the whole of India is 2.9 ; for Bombay it is 2.9.

Ques. 21: What provision for (*a*) food, (*b*) housing, (*c*) clothing, (*d*) fuel and lighting should be made in the living wage standard ?

Ans.: It is difficult to say what provision should be made in a particular centre for expenditure on the respective items. But in the opinion of my Committee, more provision should first of all be made for food and thereafter on other necessities of clothing and housing.

Ques. 22. (*a*) : What additional items do you consider essential ingredients of a living wage standard ?

(*b*) : Indicate what provision you would make for items from any of the following which you consider essential :—

(i) education, (ii) transport, (iii) holidays, (iv) amusements and recreation, (v) expenditure on medical relief, (vi) insurance, (vii) interest on, and repayment of, debt, (viii) social and ceremonial expenditure.

Ans.: The items given above fall in the province of the State, the Municipality, the employer and the employee himself. It should be left to the particular centre where such amenities are needed. In the Western countries, e.g., education has been the province of the State and the Municipality. Medical relief facilities, to our knowledge, are, even in India, given by all the three agencies, viz. the State, the Municipality and the employer, varying with centres. One cannot, therefore, lay down any hard and fast rule, as to who shall spend and how far expenditure on these items should be incurred.

The General Wage Census Report published by the Government of Bombay gives in detail the facilities and the responsibilities which under the present circumstances employers bear for their employees, in some of the matters mentioned in 22 (*b*).

Ques. 23 : Should these provisions differ from centre to centre ; if so, why and to what extent ?

Ans. : My Committee think that they should vary from centre to centre in view of the differences in the cost of living as well as the standard of life as found due to geographical, social and economic conditions prevailing at different centres.

Ques. 24 : In considering whether the wage is a living wage should the possible earnings of other members of the family be taken into account or should each wage-earner be considered to have to support an entire family ?

Ans. : My Committee think that a joint and aggregate income of other members of the family should be taken into account in considering the wage a 'living wage'.

"C"

Ques. 25 : Are you in favour of the establishment of a minimum wage ?

Ans. : The question of fixing minimum wage is fundamentally an economic one and depends largely on the condition of the trade from time to time. The ability to pay of the particular trade plays a large part in fixing a minimum wage. Similarly to take wages paid in the same industry in other centres as the one and only criterion may prove unsatisfactory, leading thereby either to unemployment or frictions in other trades, or extinction of an industry. Generally speaking, minimum wage fixing machinery is intended to remedy the unfavourable bargaining position in which the workers are placed through not being able to regulate their wages by collective agreement. But even in the absence of a machinery to regulate wages by collective agreement, we do not think

that in India a definite and fixed amount can be thought of as 'minimum wage.' My Committee, however, think that wages approximate, or even equal, to the subsistence level may be given to workers. The wages in such cases are, naturally, to vary from centre to centre and from industry to industry, keeping of course in mind the ability of the industry to bear. This is the most important factor in this issue. Prof. Richardson maintains the same argument in his book on 'Minimum Wages.' He observes :

> "When the Cave Committee framed its recommendations, it proposed that the Trade Board system should be directed to give protection to the workers in each trade by securing to them at least a wage which approximates to the subsistence level in the place in which they live and which the trade can bear. There was thus an attempt to combine the principle of the living wage and that of the capacity of the industry to pay."

Similarly, R. H. Tawny, an economist with advanced views on labour argues that "In practice—both arguments as to cost of living and arguments as to what trade will bear are adduced when a variation of rates is under discussion, and the latter consideration appears to me as relevant as the former." While, therefore, my Committee are inclined to favour the fixation of minimum wage, they feel that the matter should be further investigated and suitable machinery for fixing such minimum in various centres and in the various industries should be devised.

Ques. 26 : On what principle should be minimum wage be based ?

Ans. : For the purpose of determining the minimum wage to be fixed, account must be taken of the necessity of enabling the workers to maintain a standard of living and for this purpose regard should primarily be had to the rates of wages paid for similar work in trades where the workers are organised, as well as the ability of the industry to bear such a cost, and the efficiency of the worker engaged.

Ques. 25: What machinery would you suggest for fixing and revising the minimum wage ?

Ans.: Our answer to Question No. 25 should be an indication of our attitude towards this question.

Ques. 28: Should the level of the minimum wage differ from centre to centre, and, if so, why ?

Ans.: The level should differ from centre to centre, because of the fact that the cost of living and the price index in different centres vary. Any legislation in this regard should be on a national (All-India) basis and should apply only to unskilled labour.

Ques. 29: What measures would you suggest to prevent the minimum wage from becoming the maximum wage ?

Ans.: To check the possibility of minimum wage becoming the maximum, additional payments such as efficiency bonus, turn-over bonus, good attendance payments, etc., may be prescribed and tried with a distinct proviso for not consolidating such additional payments with the minimum wages ; such payments should be strictly based on the special efficiency of the worker under the particular category for which each extra efficiency appreciation payment is made.

Ques. 32: It has been suggested that industries enjoying protection should properly bear the responsibility of paying the minimum wage. What are your views in this matter ?

Ans.: Confining our discussion to the textile industry, it may be stated that the protection which this industry gets is just sufficient for its existence. In certain cases, it is even found that it cannot stand the competition of cheap imports from Japan. Protection was given on an All-India basis and the protective scheme did not take into account the effect on the measure of protection of provincial legislation. The reduction in the margin of protection to the Indian industry, consequent upon any increase in cost on account of provincial labour

legislation, will be a matter for jubilation to Lancashire and other foreign interests competing with the products of the Indian industry. Further, protection is a subject which is a concern of the Central Government. It is, therefore, wrong and illogical to suggest that the industry should bear the responsibility of paying the minimum wages, because of the fact that it enjoys protection.

"E"

Ques. 42 : What are the measures usually included in the term rationalisation as applied to the textile industry ?

Ans. : Due to the process of specialisation and generalisation, the connotation of the word rationalisation has undergone great changes. There is not, therefore, any fixed definition which can be regarded as a standard definition. My Committee would, however, prefer the definition as given in the report of the World Economic Conference, 1927. Rationalisation is taken to mean " the method of technique and organisation designed to secure the minimum waste of either effort or material. It should include the scientific " organisation of labour, standardisation of both material and products, simplification of processes of improvement in the system of transport and marketing."

" The judicious and constant application of rationalisation should be calculated to secure (*i*) to the community, greater stability and a higher standard of the conditions of life, (*ii*) to the consumer, lower prices and goods more carefully adapted to general requirements, (*iii*) to the various classes of producers, higher and steadier remuneration to be equitably distributed among them."

Regarded constructively, therefore, rationalisation would imply the organisation of an industry as a corporate whole in such a manner as to eliminate ' friction,' ' waste,' and ' slip.'

Ques. 44 : What are the effects of the various forms of rationalisation on :

(*a*) total employment in the concern ;

(*b*) employment in particular occupation ;

(*c*) wage rates ;

(*d*) earnings ;

(*e*) production ;

(*f*) working conditions, especially strain and fatigue ?

Ans.: (*a*) **Total employment in the concern:** The adoption of efficiency measures may, in the first instance, mean a reduction in the number of total men employed. It is, however, possible that due to concurrent increase in double shift working, the diminution may not be appreciable. This appears to be the experience in the Bombay mill industry.

(*b*) **Employment in particular occupations:** The same can also be said of employment in particular occupations.

(*c*) **Wage rates:** While the wage rates per unit of production may decrease the earnings per individual worker will show a good increase.

(*d*) **Earnings:** The answer to (*c*) above, covers the question of earnings also.

(*e*) **Production:** In the opinion of my Committee, such introduction of such efficiency measures should increase production.

(*f*) **Working conditions specially strain and fatigue:** It is here that the benefits of such systems will be most evident. Working conditions will be easened and strain and fatigue will be considerably reduced. On the whole, rationalisation in industry will mean less of waste, bring about reduction in manufacturing cost and increase wages and earnings.

Ques. 46: What are your views on the question of rationalisation ? If you are opposed to rationalisation, do you do so on principle or do you object only to some form of it ?

Ans.: Please refer to replies to Ques. 42 and 44.

Ques. 47 : Can you suggest any methods not usually included in rationalisation for improving the efficiency and earnings of the workers ?

Ans. : All that my Committee may suggest is the views expressed by Mr. Butler, in his book on " Problems of Industry in the East," particularly the paragraphs on ' Industrial efficiency ' and ' education and efficiency ' (pages 22-29). Mr. Butler observes that—

> " Efficiency and inefficiency are largely determined by a combination of the factors of poverty, ill-health and illiteracy. These three factors are really inseparable, as ill-health is mainly the accompaniment of poverty and illiteracy is largely the cause both of poverty and ill-health.
>
> In most Indian factories it is noticeable that the workers are not the masters but the servants of their machines. This is so in many cases due to illiteracy of the workers to understand the intricacies of the machine. The workers migrating from the villages rarely had occasions to handle modern mechanical instruments. It is becoming recognised, however, by capitalists throughout the East that illiteracy is the greatest obstacle to efficiency, and efforts are made to wipe off this chronic disease with Indian labour."

Ques. 64 : What measures would you suggest for providing improved system of recruitment, better training and greater security of employment and for the reduction of labour turnover ?

Ans. : My Committee understand that the ' Badli control system ' at present in vogue in many of the mills in Bombay is found to be working satisfactorily. The system may be more generally adopted. The creation of a separate labour department in every mill under a Labour Officer duly trained in sociological matters will also tend to improve difficulties connected with recruitment. It appears that of late larger groups of mills have, as an experimental measure, created such

departments. The results may be watched and if satisfactory, the system be extended.

Ques. 65 (*a*) : Would the bringing into existence of a sound and strong trade union movement help in improving the wage level ?

(*b*) : What are the difficulties in the way of building up such a trade union movement in your centres ?

Ans. (*a*): My Committee think that it will.

(*b*) : Mainly illiteracy and want of a thoroughly representative Labour Union.

Ques. 76 : Have you any other suggestions to make regarding matters germane to the Committee's terms of reference ?

Ans. : To my Committee, it appears that the problem before Labour is not so much the increase in money wages as it is in a provision of additional facilities that should help them to live their life. The chief problem with Labour is education. Every observer of Indian industry is agreed that the greatest handicap is the ignorance of the workers. It is impossible to over-estimate the consequences of this disability, which are obvious in wages, in health, in productivity, in organisation and in several other directions. Modern machine industry depends, to a large extent, on education, and an attempt to build it up with an illiterate body of workers must be difficult and perilous. Japan competes with India, and has been able to hit even the Western world because of its literate labour. The capacity to form organised trade unions and to produce leaders capable of directing them honestly and wisely can hardly be expected of an illiterate working class. The laws of hygiene and sanitation find no place in the labour class code. My Committee feel, therefore, that to educate a labourer, is to achieve, more than half-way journey for, his betterment.

It is found that labourers, under the present circumstances, go to their work early in the morning carrying their tiffin baskets for taking their lunch at noon time, when the

mills close for recess. The lunch is sometimes prepared the previous night or early in the morning, and, by the time they take it, it naturally gets very cold and stale. Not only that, but they are obliged to take lunch in any place in the mill compound under the shade of a tree or even under unhygienic surroundings. The health and efficiency of a man naturally depend upon the food he takes, and the manner and method in which this food is prepared and is taken, is bound to detract from the efficiency of the labourer and from his general physical health. My Committee, therefore, suggest very strongly, that the mills should, if the majority of labourers are agreeable, arrange for well-conducted restaurants where at a reasonable cost labourers will get hot dishes at lunch time and good tea and other light refreshments at other times. This will largely conduce to their well-being and health, and so also to their efficiency.

My Committee have already referred to the necessity for educating Labour with a view to more efficient use of the machines they handle. The worker, instead of being the servant of the machine he handles, should become the master of the same. For this purpose, it is necessary that literature in the form of pamphlets and handbills should be issued among the workers, explaining the working of the various machines they handle, as also the most efficient method of handling them. My Committee consider this to be an important step in the direction of increasing efficiency in the working of the mills, and safeguarding against avoidable risks.

Another important consideration, to which attention must be devoted, is in the matter of affording such aids as may enable the industry to maintain the hold of the industry on the Export Markets recently regained. If they are again pushed out therefrom by State-aided competitors by cutting down prices for a time, Indian industry will lose much of its present profits and will not be able to bear the increased costs. This is very important for the profitable working of the industry and before any step for increasing the cost on the industry in the Presidency is taken, the products of the industry should be assured of a wider market.

My Committee have already referred to the need for co-ordinating labour legislation as between various Provinces and Indian States, as otherwise the effect of increasing cost of production on account of any advance in labour legislation in a particular Province will militate against the competitive capacity of the industry in that Province vis-a-vis the rest of the country. My Committee consider this factor to be a very important one and any attempt at laying down standards for labour in the industry in the Province should be conceived on an all-India basis.

It should also be borne in mind that the maintenance of adequate level of profits in the industry is necessary, as much in the interests of labour as in that of capital or the industry as such. While the profits in the industry dwindle, wages will also have to dwindle automatically, as otherwise the industry cannot carry on for a long time. My Committee wish to draw the attention of the Enquiry Committee to the following extract from an article "On Three Decades of Profits," published in the *Economist*, London, dated 17th December 1938, in which emphasis is laid on the necessity for maintaining an adequate level of profits in the industry, which factor should not be ignored in any decision involving any addition to the cost of production in the Textile Industry of the Presidency :

" . . . But if it was ever true that all profit-earners were rich men, it is certainly not true today, and is becoming less and less true with the growth of the institutional investor. Moreover, so long as the bulk of the investment of new capital follows the prospect of profits, any undue depression of profits will react adversely on the whole community. There is no paradox at all in the statement that any policy aiming at the improvement of the standard of living of the wage-earners should make it one of its first objectives to ensure the maintenance of an adequate level of profits. That it should appear a paradox is merely an illustration of the fog of misconception that overhangs the role of profits in the economic system."

APPENDIX 75

C. P. Minimum Wage, C. P. Wage Fixing Machinery and C. P. Unemployment Relief Bill

Letter No. 8552/F, dated 16th December 1938, from the Director of Industries, Central Provinces and Berar, Nagpur to Chamber.

I have the honour to forward herewith a copy* of the Central Provinces and Berar bill referred to above together with an extract from the proceedings of the Central Provinces Assembly relating thereto and to request that you will be good enough to express your opinion on the provisions of the bill so as to reach me by the 29th February 1939 at the latest.

Letter No. 493, dated 23rd February 1939, from Chamber to the Director of Industries, Central Provinces and Berar, Nagpur.

I am directed to refer to your three letters of the 16th December 1938, forwarding for opinion copies of the above Bills introduced in the C. P. and Berar Assembly.

While my Committee do not wish to enter into a detailed examination of the provisions of the Bills, they wish to place before you certain general considerations which should be prominently borne in mind in connection with any proposal for the itroduction of labour legislation of the kind under contemplation. In this connection, I am directed to send to you herewith a copy of a representation submitted by my Committee to the Bombay Textile Labour Enquiry Committee, in the opening paragraphs of which they have discussed certain general issues which have an important bearing on the question of further legislation in regard to labour matters. These general considerations apply with equal force in regard to any measure proposed to be undertaken by any other Provincial Government.

In particular, my Committee would like to convey their considered opinion that piecemeal labour legislation by different

* Copy not printed.

Provinces is likely to react adversely on the development of industries in that province and that such legislation as may be considered necessary or essential should be on a co-ordinated All-India basis. My Committee, therefore, feel that measures of the kind covered by the Bills in question are matters which should be properly discussed as between the various Provincial Governments and that any legislation that may be considered necessary should be decided upon a uniform basis as between the various Provinces.

APPENDIX 76

Rates of Compensation Payable to Seamen for Short and Bad Provisions

Letter No. 780, dated 20th March 1939, from the Shipping Master, Bombay to Chamber.

I have the honour to state that the question of making amendments in Section 86 (1) of the Indian Merchant Shipping Act 1923, with a view to raising the amounts of compensation to be paid to Indian Seamen is under the consideration of the Government of India. This Section deals with the rates of compensation admissible to seamen in respect of short or bad provisions supplied to them, and it contains two different sets of rates, one for Indian seamen and the other for European seamen or other persons shipped on the same footing as European seamen, the rates for the latter being higher than those for Indian seamen. It applies generally to all seamen employed on Indian registered ships. [Please see Section 5 (2) (c)]. The corresponding provision in the English Merchant Shipping law dealing with this matter in Section 199 of the Merchant Shipping Act 1894, but this section does not make any distinction between Indian and European seamen, and it prescribes only a single set of rates which, according to the current rates of exchange, is higher than that prescribed for Indian seamen by the Indian Merchant Shipping Act. This section applies, among others, in the case

of all seamen employed on United Kingdom registered ships, and it would appear that Indian seamen while employed on such ships are entitled to the higher rates of compensation prescribed thereby. The fixing of two different rates of allowances by the Indian Merchant Shipping Act has, therefore, in practice led to Indian seamen on Indian registered ships getting lower rates of compensation not only in relation to European seamen, but also as compared with Indian seamen employed on United Kingdom registered ships.

2. After careful consideration of the above circumstances the Government of India feel that this anomaly in the law should be removed, if possible. They are of the opinion that the best way of effecting this would be to remove the distinction between Indian and European seamen contained in Section 86 of the Indian Merchant Shipping Act and to fix a single rate, approximately equivalent to the rates prescribed by the Merchant Shipping Act 1894, for all seamen covered by it. They believe that, in practice, cases in which compensation is paid under the Indian Act are few and that accordingly the changes contemplated above are not likely to result in any appreciable increase of expenditure to Shipping Companies.

3. In view of the above facts, I see no objection to the proposed changes and would be glad to know your views on the subject.

Letter No. 1148, *dated* 10*th May* 1939, *from Chamber to the Shipping Master, Bombay.*

I am directed by my Committee to acknowledge the receipt of your letter No. 780 of the 20th March 1939, in regard to the rates of compensation payable to seamen for short or bad provisions and note that the Government of India are of the opinion that the existing distinction between Indian and European seamen in regard to the rates at which such compensation should be paid to them should be removed by suitably amending the Section 86 of the Indian Merchant Shipping Act. As the Commerce Member pointed out in reply to Mr. Joshi's question in the Legislative Assembly,

the difference in the rates of compensation payable to European and Indian seamen is due to the fact that the ordinary dietary of the European seamen costs more than that of Indian seamen. The origin, therefore, of the difference in the rates of compensation does not seem to have been based on racial considerations but must have been due to the different standards of living to which these different classes of seamen are entitled in the opinion of the Government of India. The proper course, my Committee venture to remark, that should be adopted in a matter like this is to carefully reconsider the scale of provisions to which the Indian seamen are entitled and to revise them in a manner which would recognise the proper standard of living in modern times. My Committee would further like to add that these rates of compensation are usually in the nature of a penalty imposed on a shipowner for failing to carry out his obligations and they are, therefore, agreeable to the proposal mentioned in your letter for removing the existing element of discrimination in these rates. My Committee would like to add that the rates of compensation fixed for the European seamen should also be extended to Indian seamen and they do not think that there is any necessity to raise them to the level of the rates fixed under the British Merchant Shipping Act.

IV.—GENERAL—TRADE AND INDUSTRY

APPENDIX 77

Interview with the Hon'ble Sir A. Ramaswami Mudaliar, C.I.E., Member for Commerce and Labour, Government of India

Speech of Mr. J. C. Setalvad, President, at the interview dated 2nd November 1939 :—

Sir Ramaswami Mudaliar,

I have much pleasure in welcoming you on this your first visit to our Chamber, and hope that the relations thus begun will be continued on a happy basis during the whole tenure of your office.

TRADE AGREEMENTS—RATIFICATION BY THE INDIAN LEGISLATURE

My Committee have always urged that whatever Commercial Agreements there may be with foreign countries, must be ratified by the Indian Legislature. Unfortunately, that has not been done in regard to the recent Indo-British Trade Agreement, which has been placed on the Statute Book, notwithstanding the general opposition in the country and even the strong opposition of the Central Assembly itself. The Commercial community is not opposed to any agreement with Great Britain as such, but they would like to have an agreement which is based upon mutual understanding between the British and the Indian business community, and they resent naturally, an agreement which is foisted upon the country in the teeth of public opposition. My Committee would, therefore, like to reiterate that a convention must be established of having every commercial agreement with foreign countries ratified by the Indian Legislature before it becomes operative.

INDO-JAPANESE TRADE NEGOTIATIONS

Negotiations between India and Japan were set on foot sometime back, but apparently they were not begun under

good auspices. There was first the meeting of non-official Advisers to the Indian Delegation, and these gentlemen showed that they could, in a business-like method, finish the work entrusted to them in a short time. The Sino-Japanese War, and latterly the international complications were, however, apparently responsible for the delay in beginning the actual negotiations. It appears that now these negotiations are to begin in right earnest. My Committee are afraid that the non-official Indian Advisers may not now be called till the negotiations have advanced to a stage when definite conclusions are reached. They would, therefore, like to insist that the Indian Advisers should be at Delhi, so that they may be called upon for consultation whenever necessary. We believe that the same procedure is followed by the Japanese delegation, whose delegate will have at his beck and call his advisers. When such important negotiations are being carried on, it is a great advantage to the Delegate to have tried and responsible men near him whom he can consult on knotty and intricate points that may arise instead of having merely to depend upon certain recommendations and suggestions laid down by them at their preliminary meeting which was held some three or four months back. It may be mentioned that Indian Advisers to the Indo-British Trade Delegation were practically throughout all the stages of the negotiations closely associated with the Delegate. If it is argued that the number of Indian Advisers is so large that it may not be possible to have all of them near the Delegate, we would suggest that a special sub-committee of these Advisers may be chosen for the purpose. In any case, my Committee strongly suggest that contact between Indian Government Delegate and the Indian Advisers should be close and continuous throughout the proceedings.

Diamond Trade—Jangad Transactions

One of the intricate points of law in connection with the Diamond Trade is what is known as the 'Jangad' business. My Committee have been taking a good deal of interest in this question and had a long interview with one of your predecessors, Sir Sultan Ahmad. They had also carried on

correspondence both with the Central and the Provincial Governments. Sir Sultan Ahmad appeared to be thoroughly convinced of the viewpoint of my Committee and it appeared possible then that the change suggested by my Committee in the Indian Sale of Goods Act would be agreed to and the necessary amendments would be made. Unfortunately, all that did not come about, and the position of the trade is as bad as it can possibly be. To put it shortly, there is a convention in the Diamond Trade that when diamonds are given away to a person or a broker, the title in the goods rests with the original holder, and any tampering with them by the broker or the person by way of mortgage or otherwise will be a criminal offence. The broker may negotiate to sell, but the sale must be confirmed by the original holder. This position prevailed upto recently, when a judgment of the Bombay High Court gave the meaning of "Sale or return" to the term "Jangad," which meant that 'Jangad' transaction placed the parties in the relation of seller and buyer, i.e., principal and principal as against the meaning of the mere "entrustment" attributed to Jangad upto recently. This has disturbed the conditions in the diamond trade very much. It is hoped that you will kindly look into this whole case and see that the anomaly is removed for the betterment of the trade.

Establishment of Non-Indian Concerns in India

My Committee have long since been protesting against the establishment of non-Indian concerns in this country, which are trying to take advantage of the tariff wall and of the sentiment of the people for articles made in the country. There is a large number of these concerns established now in this country, manufacturing soaps, oils and vegetable products, cigarettes, medicinal products, milk products, chemicals, etc. They get the advantage of either the protective tariff or the revenue duties, as also comparatively cheap labour in this country, and thus compete, with their large financial resources and international ramifications of their business, with local industries, many of which are financially weak and also have no such scientific and

expert assistance at their command, with the result that the latter go to the wall in all such competition. Several countries have closed their gates against such an industrial invasion, and there is no reason why India should allow it. Unfortunately, the Government of India Act, with its reservations and safeguards, has facilitated such an industrial invasion at the expense of the indigenous industries. Already several small industries have had to close their doors, and my Committee are afraid, without being considered unduly pessimistic, that before long, if the present state of affairs is not improved, Indian industrialisation will be a curious anomaly in that it will mean development of non-Indian concerns and elimination of Indian ones.

Goods on Enemy Ships Lying in Neutral Ports

My Committee have drawn the attention of Government to the inconveniences and losses suffered by several business firms here on account of the Enemy regulations. They realise and appreciate that in times of war, business cannot go on as usual and that Government have to impose certain restrictions and limitations upon the usual business activities. There are, however, certain aspects of this case, to which my Committee would like to draw your attention. There are, for instance, certain enemy steamers carrying imports to this country which have taken shelter in neutral countries. Some of our merchants have already paid in to the Banks against documents for these goods. Similarly, exporters have sent their goods by enemy steamers which also have taken shelter in neutral ports. Both these importers and exporters stand to lose heavily if nothing is done to retrieve their goods. My Committee have drawn the attention of Government to all these aspects, but upto now they have got no reply. It is hoped that you, Sir, will kindly look into these questions and see that, without detriment to the fundamental issue at present, viz., the prosecution of the war, our businessmen and merchants are not put to any inconveniences and losses.

Our further suggestion is that the Central Board of Revenue should be represented in Bombay by a Secretary, who should be assisted by a sort of an Advisory Committee

of non-officials, as there are several questions daily arising which will affect the Revenues of the State and which concern the local businessmen here. It will be possible to have examined applications for permits, for export licences and such other questions with the least possible delay if such an arrangement is made here.

Economic Resources Board

My Committee are deeply grieved to find that the Economic Resources Board, which has been initiated should, under its constitution, consist of only officials. Such a Board will, we are afraid, be meaningless for all practical purposes. If you want to make it useful, there must be associated with it representatives of leading Chambers of Commerce and Industries. Such an active association of industrialists and businessmen with such an organisation is found to be useful in other countries, and there is no reason why the arrangement should not work here also. Government require to find out the best possible ways and methods in which industrial products can be secured for the prosecution of the war. Industrialisation at present will mean establishment and development of industries supplying their products for war purposes. Unless the co-operation of businessmen and industrialists is secured, it will be difficult to achieve this end. In fact, if this had been done at the time of the last war, and if Government had continued their interest in the development and progress of industries even after that war, they would not have been caught napping, when this war broke out. In this connection my Committee have addressed the Government of India a letter suggesting that invitations should be sent to all representative commercial and industrial organisations to send their delegates to the Industries Conference which is held by the Government of India and which is at present attended only by Provincial Ministers and Directors of Industries. It will be a great thing if this Industries Conference can be made a sort of liaison agency for bringing together Provincial Ministers and Directors of Industries and representatives of commerce and industries.

Shipping

That national shipping is not only a powerful instrument of national economic policy but is an indispensable machinery for national defence, has been recognised by all important maritime countries in the world having national Governments and has been effectively brought home to all of us by the recent war. Not only has India a very large maritime trade, but she has also a very long coastline to defend. It is, therefore, a matter of serious concern for India, from every point of view to see that she should have a strong, powerful and national mercantile marine, worthy of her position in the world. At a time when Indian shipping has been requisitioned for the defence of the Indian coast, it is not necessary for us to urge the place and importance of national shipping in the shipping which has to assist in the maintenance and defence of the British Commonwealth of Nations. It is, however, exceedingly sad to reflect that India has not got her own mercantile marine, carrying even a fraction of her coastal trade, not to say anything about her almost entire absence in the large overseas trade of this country. The Government of India have assured the country on several occasions that it would be their responsibility to see that Indian shipping has its proper place in India's maritime trade. Even the Imperial Shipping Committee has urged that Indian shipping should expand in the coastal and overseas trade of India and that there should be a proper response and co-operation from the U. K. shipping interests in this matter. The Government of India have taken active steps in response to the request from Whitehall to further the interests of British shipping in the name of the Empire shipping policy, but it pains me to observe that while the Government of India have maintained that Indian shipping is included in the term "Empire shipping," they have not taken any effective steps upto now to carry out their promises to build up national shipping in the overseas trade of India. The point that is to be recognised is that British shipping is not Indian national shipping.

The Imperial Shipping Committee has emphasised the importance of each Dominion including India having its proper national marine and has emphasised in clear language that "in time and with the growth of their trade, more shipping should be on the register of the Dominions and India." We are now tired of the so-called policy of negotiations, co-operation, goodwill and so on. India has done her best in that direction, but unfortunately, it has been prevented from making even such progress as would satisfy even moderate aspirations of India. We would now request you to tell us frankly what the Government of India want to do in this direction and how they propose to build up a real national mercantile marine for India's maritime trade both coastal and overseas.

At a time when it is impossible to get sufficient ships for the defence of Indian coast, and at a time when it is difficult to get ships built abroad, particularly in England, the importance of the shipbuilding industry for India's economic needs and defence purposes needs no emphasis. My Committee would appreciate your telling them frankly as to what the Government of India propose to do for establishing the shipbuilding industry in this country, which has been so strongly recommended by the Indian Mercantile Marine Committee appointed by the Government of India themselves.

We have stated that Indian ships have been requisitioned for purposes of Defence and the Indian Shipping Companies have co-operated most readily with the Defence Department for the purpose. My Committee have no desire to sound a discordant note in regard to the policy of requisitioning ships at a time of great emergency ; but they should like to bring to the notice of the Government of India the great inconvenience and difficulties caused to the travelling public on the Konkan Coast by taking away almost all the ships that were plying in that trade. The large passenger traffic of about a million passengers per year, includes people who go from Bombay to the Southern Coast for agricultural purposes just before the monsoon and again return to Bombay for the cotton textile industry and other pursuits after the monsoon.

The entire requisitioning of ships will mean that all these will be compelled to leave the cheaper sea passage and to take to the costlier bus *cum* railway route, which many of them are unable to do ; and there will be serious difficulties caused, therefore, both for agriculture and industries. My Committee, therefore, earnestly request you to see that sufficient ships are left with each company handling this large traffic, so that they may be able to maintain a reasonably frequent and regular coastal sea service.

My Committee have sent already a telegram to your Department regarding the recent appointment of Sir George Campbell as Controller of Shipping for India. My Committee naturally, apprehend that unless there is a suitable Indian associated with him on an equal footing, Indian shipping will feel nervous about its future.

INSURANCE—UNEQUAL COMPETITION BY LLOYDS UNDERWRITERS

When the Insurance Bill was on the Legislative anvil, fears were expressed that the privileged position proposed to be given to Lloyds Underwriters would affect Indian companies adversely. While the Indian companies have individually to make the deposits required under the Act, Lloyds Underwriters furnish the said deposit collectively. In order that they may not have any undue advantage in competing with Indian companies, Lloyds Underwriters should be placed in the matter of regulations and requirements in regard to deposit on a par with the rest of the companies. Moreover, Lloyds, being not a member of any of the Tariff Associations, are not governed by the rates prescribed by such associations and are in a position to quote lower rates than are found economic by British Indian and Colonial companies which in actual practice amounts to a rebate to the party. This practice on the part of the Lloyds defeats the object of Section 41 which has prohibited rebates with a view to save indigenous concerns from uneconomic competition and put insurance business on a healthy basis. In order that Indian insurers may not be handicapped by such undue advantages, my Committee suggest that you will be pleased to look into this matter

and to bring about such changes in the law as may be deemed necessary to put all types of insurers on an equal footing.

Insurance Legislation in Indian States & Burma

Your attention must no doubt have been drawn to the fact that, after the passing of the Indian Insurance Act, various Indian States have introduced similar legislation in their territories. The laws of the States in question *inter alia* require deposits of prescribed amounts in State Securities or in other approved form. The interests of the insuring public in the States are protected by the fact that under the British Indian Law the requirements in regard to deposit and the provision in regard to accounts provide that the business transacted in Indian State territories should also be taken into account. There is, therefore, no justification for the demands for separate deposits by the States. The business completed in Indian States is comparatively small and if insurers have to furnish independent deposits in various States a fairly good part of their resources will be locked up in that form. Moreover, the facilities for investment in such States are also meagre. Whatever may be the political relationship between Indian States on the one hand and British India on the other, it has now been recognised that for purposes of trade and commerce, geographical India has to be deemed as one unit, and inter-provincial trade barriers or difficulties must be completely removed. The Government of India Act has recognised this factor, and specific provision has been made therein to eliminate such inter-provincial or inter-State barriers. It would be in keeping with the spirit of that provision if Indian States are made to recognise that Indian companies which have conformed to the requirements of the British Indian Law should *ipso facto* be deemed to have conformed to the provision of similar laws in State territories. The same remarks apply to Burma also. Notwithstanding the political separation, in matters of trade the *status quo* must be maintained under the Indo-Burma Trade Regulation Order. My Committee submit that the arrangements under the said order should cover the requirements that may be imposed by

the proposed Insurance Bill in Burma and Indian companies should be deemed to have satisfied such requirements if the corresponding requirements under the Indian Law are satisfied.

Summary of the replies given by the Hon'ble Sir A. Ramaswami Mudaliar, C.I.E., Member for Commerce and Labour, Government of India, at the interview with the Committee of the Indian Merchants' Chamber, Bombay, on 2nd November 1939.

The Hon'ble Sir Ramaswamy Mudaliar thanked the Committee for the opportunity given to him to meet them and hoped that the contact established would be found beneficial both to the Chamber and to himself in his work as Commerce Member. He also acknowledged the unique position held by the Indian Merchants' Chamber of Bombay and assured the Committee that the views and suggestions put forward by them would always be given due consideration by him and the Government of India.

1. Trade Agreements and Ratification

He explained that it was the policy and practice of the Government of India that, as far as possible, the commercial opinion and all other interests affected by such Trade Agreements should approve of the terms thereof and steps were always taken to achieve this end by associating non-official Advisers with the discussions preliminary to such agreements. Such public approval was further being enlisted by placing the terms of the agreement or the consequent tariff changes before the legislature. While, therefore, Government were anxious to see that such agreements had the general support of the country and all the interests affected, it was not possible to give any undertaking that no agreement would be given effect to unless the same was ratified by the legislature.

2. Indo-Japanese Trade Agreement

In regard to the conduct of the Indo-Japanese trade negotiations, the precedent that had been established in connection with the previous negotiations was being followed. He acknowledged the assistance received from the non-official

advisers in this matter and observed that, while it would not be possible to keep contact with the panel of advisers continuously, he noted the suggestion made by the Committee to have a sub-committee of the non-official advisers permanently sitting at Delhi to be available for consultation by the official delegate and said that owing to various reasons which he need not state, he was unable to accept the suggestion. But it was possible that from time to time Government might invite a few advisers to meet the Government delegate and to have their views on the progress made or on definite aspects which might necessitate such consultation. It was not the intention of Government, the Hon'ble Member assured, to place *fait accompli* before the advisers.

3. Diamond Trade and Jangad Business

He recalled the discussion and the correspondence which the Chamber had carried on previously with the Government of India and pointed out that, as far as he could see no new factors had arisen which would necessitate the issues involved in this question being re-examined. The judgment of the Bombay High Court to which a reference was made was based on the facts of that particular case and subsequent to that there was a further judgment of Mr. Justice Kania clarifying the position. Moreover, he observed that the Provincial Governments had been consulted on the suggestion made by the Chamber regarding amendment of the Sale of Goods Act and most of them had not supported the point of view put forward by the Chamber ; particularly the Government of Bombay had not expressed themselves in support of the suggestion. In the circumstances, no occasion had arisen which would justify a re-examination of this question, but he would be prepared to further consider the matter in the light of any particular case in which a grievance might have been felt or hardship experienced if the facts of such case were placed before him.

4. Establishment of Non-Indian Concerns

The Hon'ble Sir Ramaswami Mudaliar drew the attention of the Committee to the debate on the resolution on this

question tabled at the last session of the Legislative Assembly and pointed out that the Government view on the matter had been fully dealt with on that occasion. He added that the question was not a new one and recalled how 15 years ago when the matter was examined by the External Capital Committee opinion was divided and the majority had not seen their way to accept the position that India did not require foreign capital. In this connection, he referred to the interpretation generally sought to be put on the term foreign and pointed out that in terms of the provisions of the Government of India Act, at least as far as Government were concerned, British undertakings and British capital in India could not be deemed to be foreign. It was necessary, in his opinion, to appreciate this distinction. He referred to the advantages accruing to the country by the establishment of such foreign enterprises in India in the direction of the utilisation of the raw materials, in the employment that such enterprises offered and in the facilities that were available for technical training and pointed out that in actual practice, excepting for the return on the capital employed, which possibly went out of the country, the country enjoyed the full benefits of such industrialisation. He further referred to the question of formation of industrial combines and pools and pointed to the possibility of the danger to smaller undertakings from such combines. The effect of such organised competition by powerful combines on smaller units would be duly examined by Government and the manner in which sufficient protection can be given to the smaller undertakings whatever be the nationality of the organisation comprising the combine or the pool will be considered. He invited the suggestions of the Chamber on this aspect of the problem.

5. Goods on Enemy Ships

He observed that this matter had received the serious attention of the Government of India. The question involved issues of international law and as such had to be tackled by diplomatic negotiations. The matter was being actively pursued by the Government of India and he hoped in about a week's time to issue a communique advising the parties

concerned of the procedure to be followed and as to how they stood in the matter. Incidentally, he also remarked that the question of registering claims due to Indians from enemy country or enemy sources would be taken in hand in due course.

Regarding the restrictions in respect of export trade under a system of licences, he pointed out that the whole organisation in regard to this matter was set up at short notice and he agreed that there might be difficulties in practical working. The position was being examined from time to time and the question of revising the procedure or machinery in the light of the suggestions made by the Committee of the Chamber and other organisations would be duly considered.

6. Economic Resources Board

He regretted that, notwithstanding the explanatory communique issued by Government, there was some misunderstanding regarding the scope and functions of this body. It was an official body co-ordinating the work and activities of the various governmental departments in the light of the requirements of the present emergency. The body had to meet frequently and take quick decisions in regard to problems that might arise from day to day. The chief object in constituting such a departmental Committee was to avoid delays incidental in circulating questions from department to department and to expedite decisions on outstanding matters after taking into account all aspects of the same. There was no question of the Government of India or the Commerce Department not desiring the co-operation or assistance of the commercial community. In fact, it was his intention to get into touch with the Provincial Governments and the commercial community in all such matters and he referred to the recent consultations in regard to Price Control as an instance. Government were alive to the necessity of keeping a personal touch and a liaison with the industrial and commercial community with a view to exploit adequately the economic resources of the country during the present emergency.

7. Industries Conference

With reference to the suggestion that representatives of commercial and industrial organisations might be invited to the next Industries Conference to be held at Bangalore, he pointed out that the Provincial Governments would have to be consulted in the matter and added that the feasibility of the procedure would be considered after such consultation.

8. Insurance Legislation and Lloyds Underwriters

The provisions in regard to Lloyds Underwriters under the Indian Insurance Act were enacted after due and full discussion and he considered that it was premature to discuss or propose any modification of the same at this stage. Sufficient experience of the working of the Act would have to be gained before any proposal for amending the law was to be taken up or entertained.

Regarding Insurance legislation in the Native States and Burma he pointed out that legally such states and Burma were entitled to pass whatever legislation they deemed necessary or advisable. The matter was, therefore, one for diplomatic negotiations and such negotiations were being undertaken. With Burma particularly it was necessary to move in the matter tactfully as that country would not brook any suggestion which might question its authority to act independently in such matters. The Trade Regulation Order referred to cover only the general trade and the tariff between the two countries and did not provide for such matters. The only hope, therefore, of solving such a difficulty would be in undertaking friendly negotiations with the authorities of Burma.

9. Shipping

He was grieved to note the remarks of the Committee that they were tired of the so-called policy of negotiation and co-operation and at the impatience at the results achieved. Government had always in the past used their good offices for dissolving difficulties which stood in the way of Indian shipping and they would continue to do so in the future. The motives, however, could not be judged by the results

achieved. The war position had brought about certain changes. The rate war had automatically ceased and ships belonging to Indian companies were being commandeered for use by Government, who were making a full and profitable use of them. The major problem of the future of Indian shipping had to be considered in the correct perspective and in relation to the existing circumstances and factors and there was no use in trying to form hasty conclusions or getting impatient if the results achieved did not correspond adequately to the expectations held by parties interested in the matter.

He would like to make a general observation at this stage, which had no special reference to the Chamber and which he would like all Chambers, Indian and British, to consider. The effectiveness of suggestions and recommendations of a Chamber would largely depend on the extent to which, instead of merely being a transmitting medium, the Chamber or its Committee examined critically on the merits the grievances of particular interests. A mere compilation of various conflicting interests and their being forwarded for action by Government would be helpful neither to the Government nor to any Chamber. He wanted to state again that these observations were general and of no special application to this Chamber.

Regarding the appointment of Sir George Campbell as Controller of Shipping, the Hon'ble Member pointed out that the appointment was in regard to ships on the British Register. As far as ships on the Indian Register were concerned, they continued to be under the control of the Government of India.

Regarding the difficulties to the passenger traffic in the Konkan Coast arising out of the commandeering of ships by Government he realised the inconvenience caused by the dislocation. The possibility of restoring any of the ships now being commandeered for war purposes being made available for such civil traffic would be examined.

The President informed the Hon'ble Member that as far as the Indian Merchants' Chamber was concerned, all the questions which came before the Committee were carefully

gone into and examined by different sub-committees, before any representations were addressed either to the Central or the Provincial Government ; and that under the circumstances, there was no possibility of the Committee being led away by any vested interests.

Messrs. Manu Subedar, Sarabhai Prataprai, M. A. Master and B. S. Dabke took part in the discussion which ensued.

The meeting terminated, after the President had once again thanked the Hon'ble Member.

APPENDIX 78

Selling Agencies of the Indian Sugar Syndicate

Letter No. 86 dated 11th January 1939 from Chamber to the Secretary, Indian Sugar Syndicate, Calcutta.

The Committee of this Chamber are given to understand that your Syndicate is considering the question of appointing selling agents and that in this connection the case of certain foreign merchants or firms for appointment as such agents is under consideration. If the above information is correct, my Committee would like to record their strong disapproval of any step designed to transfer the selling rights of a national industry to non-Indian agency.

The sugar industry is a protected industry and the burden consequent upon the heavy protective duty has been cheerfully borne by the consumers and the community in the hope that the industry, when developed and established in a sound manner, would be a national asset. If the perquisites and profits connected with the selling operations of the industry are to be diverted to non-Indian hands, the industry's claim to be treated as a national undertaking, deserving the nurturing care of the State and the community, cannot be sustained. In the year 1934, on receipt of a report of a similar move by the Sugar Marketing Board, then under formation, my Committee had addressed a communication to the Sugar Mills

Association urging upon them the desirability of confining the selling agency of any such marketing organisation to Indian personnel. A copy of the said communication is sent herewith for your information. My Committee hope that the considerations set forth above will be given due weight and that your organisation will make its selling arrangements through Indian agencies.

Letter No. 1437 dated 16th January 1939 from the Secretary, the Indian Sugar Syndicate, Calcutta to Chamber.

We are in receipt of your letter No. 86 of the 11th January 1939 and are surprised to read its contents especially, coming as they are, from an Association like yourself. We really fail to understand how your Chamber was made to believe that the intention of the Indian Sugar Syndicate was to entrust the sale of sugar under the control of non-Indian Agencies to the exclusion of Indian Agencies. If you were to refer to our advertisement issued in the last week of December 1938 calling applications for Selling Agents, the matter would have been clear to you. It is not the intention of the Syndicate to entrust the sale of sugar to any foreign Agency to the exclusion of Indian Agency or any more than what those Agencies have already got.

APPENDIX 79

Proposed All-India Sugar Conference

Letter No. 2325 dated 4th September 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

The attention of the Committee of this Chamber has been drawn to the last session of the Imperial Council of Agricultural Research at Simla, when they recommended to the Government of India calling an all-India Sugar Conference to consider measures to be taken for rationalisation and stabilisation of the sugar industry and also recommended the

establishment of a Central Sugar Committee on the lines of the Indian Central Cotton Committee. To consider several preliminaries which would have to be gone through in this connection, the Imperial Council have appointed a Committee consisting of the Hon'ble Dr. Katju, the Hon'ble Sir Chhoturam, the Hon'ble Dr. Syed Mahmud, Mr. D. P. Khaitan, Lala Sri Ram, the Hon'ble Mr. Hossain Imam, and Mr. Kharegat. This Committee will consider the suggestions to be received from the Provincial Governments, States and public bodies with a view to putting concrete resolutions before the proposed all-India Sugar Conference. From the composition of the above Committee, it will be seen that the sugar manufacturers of the Bombay Presidency and Deccan have been given no representation thereon but it is composed entirely of the representatives of the sugar factories in North India, thus ignoring the legitimate claims of the Bombay Province and Deccan to have a voice in the deliberations of that Committee.

In this connection, one particular factor has to be borne in mind. Whereas the factories in the North buy their requirements of sugarcane from agriculturists, the owners of factories in the Bombay Presidency and Deccan are having their own farms and growing their requirements of cane. This difference in the position in regard to the supply of cane requirements may necessitate the consideration of questions affecting the industry in this Province and Deccan from particular aspects.

I am, therefore, directed by my Committee to request the Government of India, under the circumstances, to be pleased to consider the position that has arisen and to arrange that there should be representation of the Bombay Presidency and Deccan sugar manufacturers also on the said Committee.

Letter No. F. 38|16|39-A dated 15th September 1939 from the Secretary, Government of India, Department of Education, Health and Lands to Chamber.

With reference to your letter No. 2325, dated the 4th September 1939, I am directed to say that the Sub-Committee

referred to therein has been constituted to put up concrete draft resolutions for the consideration of the Conference on the basis of the suggestions received from various quarters. The Sub-Committee has no authority to anticipate the decisions of the Conference and cannot, therefore, affect either the interests of the industry or of the sugar factories in the Bombay Province or the Deccan, one way or the other. The authority for making final recommendations to the Government of India rests with the Conference which will be fully representative of all the provinces and interests. In the circumstances, the Government of India regret that they are unable to suggest the addition of representatives of the Bombay Province and Deccan to the Sub-committee in question.

Letter No. 2573 dated 27th September 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

I am directed to acknowledge receipt of your letter No. F. 38-16|39-A of the 15th September 1939, on the above subject. My Committee are unable to agree that the reasons given therein justify the omission to include a representative of the sugar industry of the Bombay Presidency in the Sub-Committee appointed in connection with the above Conference. The preliminary work regarding drafting of resolutions, formulating proposals, etc., for being considered by the Conference will, no doubt, be entrusted to the Sub-Committee in question, and if the point of view of the interests represented in the sugar industry of the Bombay Presidency is not placed before the Sub-Committee, it is likely that the requirements of the industry in the Presidency may not be adequately reflected in the proposals or resolutions drafted for purposes of being placed before the Conference. Government cannot be unaware that the agenda is fixed up for the Conference days, and sometimes weeks ahead, and it may not be possible for any one at the plenary session to move any resolution which may not be on the agenda. In short, the executive work of the Conference will be in the hands of the Sub-Committee. My Committee, therefore, reiterate that the claim for including a representative of the sugar interests of

the Bombay Presidency and the Deccan is justified and request that the matter may be reconsidered.

APPENDIX 80

Constitution of the Indian Central Sugar Committee

Letter No. 3140 dated 2nd December 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, New Delhi.

I am directed to refer to the previous correspondence on the above subject, ending with your letter No. F. 38-16/39-A, dated 16th October 1939.

My Committee have since seen a copy of the draft composition of the proposed Central Sugar Committee, as approved by the Governing Body of the Imperial Council of Agricultural Research, at their meeting held on 20th July 1939. They find that the representation proposed to be given to sugar interests of the Bombay Presidency in the said Committee is inadequate. As far as the industry is concerned, the sugar factories in this Presidency are to be given one seat to be filled up by nomination by the Hon'ble the Chairman of the Imperial Council of Agricultural Research. There are in the Province 9 factories producing white sugar and having an Association of their own. In the year 1938-39, the output of those factories amounted to more than 10 per cent of the total Indian production. Moreover, the factories in the Presidency, unlike factories elsewhere in the country, grow their own sugarcane and have particular problems of their own which are known to Government. In these circumstances, it is necessary, in order to effectively represent the interests of the sugar industry of the Province, that the representation given to these factories should be increased to at least two seats and that these seats should be filled up by representatives directly chosen by their Association. When the factories have an organised Association of their own, there is no justification for the procedure of leaving the choice of the representatives to the Chairman of the Imperial Council of Agricultural Research.

Again, it is proposed to allot seats on the said Committee for Provinces and States Government experts for six Provinces and States, of which, it is regrettable to note that Bombay is not one. My Committee cannot comprehend the reason for this omission, and request that in common with other Provinces a seat should be allotted to the Department of Agriculture of Bombay.

The sugar industry of the country is one of the important industries and it is expected that the new Committee to be constituted will bring about conditions in the industry which would stabilise its future and consider questions of standardisation, rationalisation and other cognate problems. It is of importance that in such an effort the interests of a Province, where the scope for and success of the industry has been acknowledged, should be adequately recognised. The new Body should not be allowed to begin with the initial handicap of any controversy about its composition or constitution and should be constituted in such a manner as to have the approval of all the units constituting the industry. My Committee, therefore, request that Government will be pleased to bring about changes in the constitution of the Central Sugar Committee, so as to increase representation given to the Presidency in the directions suggested above.

APPENDIX 81

Canteen Contractors and Indian Cigarettes

Letter No. 384 dated 9th February 1939 from Chamber to Director of Contracts, Defence Department, Government of India, New Delhi.

I am directed by the Committee of this Chamber to address you on the question of encouraging the purchase of Indian made cigarettes for the requirements of the Defence Services and by the Canteen Contractors. In this connection, they have gone through, with interest, the general observations

contained in the opening paragraphs of your Administration Report of the Contracts Directorate, 1936-37, wherein you urge the importance of the development of indigenous supply in respect of the requirements of the Defence Services. In particular, my Committee are pleased to note the following remarks therein :

> "The Director of Contracts has continued since the last administration report was issued in 1929-30 to do everything possible, including visiting producers, to foster, encourage and develop indigenous production. Many items previously imported are now produced in India but there remain many items which unfortunately still have to be imported. It is of *national importance* to India that producers should co-operate in establishing production in this country of the things required by the Defence Services. The Director of Contracts can only do a limited amount in this respect and the co-operation of producers is the important factor which is solicited."

In this connection, the attention of my Committee has been drawn to the lack of encouragement by the Canteen Contractors in the matter of purchase of cigarettes. Indian-made cigarettes have not received patronage from the Contractors. The Golden Tobacco Company, Vile Parle, Bombay, who are members of this Chamber had addressed the Canteen Contractors Syndicate, Ltd., Karachi and Bombay in this matter. I am sending to you herewith a copy of their letter dated 16th January 1939 to the Bombay Office of the Syndicate in which they point out that in spite of repeated requests their name and products have not been put on the approved list.

My Committee, therefore, request that you will be pleased to make enquiries in the matter and arrange to have the names of Indian cigarette manufacturers put on the approved list for the purpose of the supply of cigarettes for the Defence Services.

Letter No. 3588|45 dated 23rd February 1939 from the Director of Contracts, Defence Department, New Delhi to Chamber.

With reference to your letter No. 384, dated the 13th February 1939, I am to inform you that cigarettes are purchased by me for the Defence Services in India in an emergency only. The purchases are made from approved contractors in India on my list. I am getting into touch with the Golden Tobacco Co., Bombay, in regard to registration of their name on my list of approved contractors.

2. Kindly note that I am not concerned with the purchases made by the Canteen Contractors Syndicate. However I am forwarding your letter to the military authorities concerned for any action considered necessary by them.

Letter No. JRA|LKR dated 28th February 1939 from Canteen Contractors Syndicate Ltd., Karachi to Chamber.

We thank you for your letter No. 455 of the 20th February and the attached copy of your letter of the 9th February addressed to the Director of Contracts.

The reasons for our refusal to include the name of the Golden Tobacco Co. on the List of Approved Direct Suppliers, which we regret we must repeat, are threefold :—

1. That the sales of Indian-made Cigarettes in the Canteen operated by Contractor-Members of the Syndicate already amount to 99% of the total Cigarette trade and there is no room for further expansion. On the contrary, owing to the recent reduction of the number of British Units in India, a falling off in sales must ensue.

2. The system of Direct Suppliers was started in the infancy of the Syndicate when the Company had only two depots of its own. The development of its business has led the Syndicate to open up more depots throughout the country for the better service of its members, particularly in the matter of partial delivery and the examination of stocks prior to issue. The Direct Supplier system is rapidly becoming redundant.

3. The goods sold in the Canteens comprise comforts and small luxuries which the troops buy with their own money and it is the Syndicate's invariable rule to supply immediately all articles which the Troops demand. There can be no question of any pressure being out upon them to buy any particular brand or make of goods, nor to dictate how they should spend their savings.

The position with regard to the Golden Tobacco Company is that as soon as we have any demand for its Cigarettes, arrangements will be made with the Company by our Bombay Manager for supplies to be sent to the Contractor-Members concerned. Upto the present we have not received a single enquiry for any of the brands of Cigarettes manufactured by this Company.

The value of having indigenous supplies, particularly in time of war, is fully realized and continuous efforts are being made to get into touch with manufacturers in India of goods suitable for sale in Canteens. Already the percentage of non-consumable articles of Indian manufacture sold in the Canteens is very high and is steadily increasing. With regard to provisions, however, expansion is hampered by the very unhygienic conditions under which goods are produced in local manufactories.

Corroborative evidence of the Syndicate's interest in the expansion of local manufactures can be obtained from Mr. Mathurdas Vissanji who, we believe, is still a member of the Committee of your Chamber.

Letter No. 644 dated 10th March 1939 from Chamber to the Canteen Contractors Syndicate Ltd., Karachi.

I beg to acknowledge receipt of your letter of the 28th February 1939. There is, however, one observation in para 4 thereof on which my Committee would like to have more detailed information. You observe that "with regard to provisions, however, expansion is hampered by the very unhygienic conditions under which goods are produced in local manufactories." My Committee would like to have information as to the types of goods referred to and also more detailed

idea of the improvements in conditions necessary so that they may make efforts with the factories concerned for securing improvements in the quality. Your advice and co-operation in this matter will be much appreciated.

APPENDIX 82

Difficulties in the Way of Marketing Indian-made Cigarettes *

Letter No. 1740 dated 7th July 1939 from Chamber to the Secretary, Department of Commerce, Government of India, Simla.

The Committee of this Chamber have already drawn, through their representations dated 7th May, 29th July, and 12th December 1938, the attention of the Government of India to the very grave and serious problem of the manufacture of cigarettes in this country by non-Indian firms, which have started factories here and are manufacturing cigarettes competing with the local Indian manufacturers. As my Committee have already pointed out, such a competition has resulted in tremendous loss to Indian concerns, and it is apprehended that if steps are not taken in time this big Indian industry may suffer immensely and may even be wiped out. My Committee regret that Government have not, evidently, realised the seriousness and gravity of the position of indigenous Indian concerns, as they have not reviewed the position which is placed before them and issued a statement which is badly required in the interests of the indigenous industry. In fact, as my Committee pointed out in their representation dated 7th May 1938, it is not only the cigarette manufacturing industry, which is concerned, but a host of other industries. The problem cannot be disposed of by saying that the non-Indian concerns are within their rights in placing their factories in this country. Surely, it is the bounden duty of the Government of India to protect and safeguard the local

* For previous correspondence, see Report 1938, p. 439.

indigenous industries against the inroads and encroachments of non-Indian factories and concerns. Government can take any suitable ways and means to protect the Indian concerns, but that they should adopt some of these means in the interests of the general industry of the country, goes without saying. My Committee have again received representations from sveral Indian cigarette manufacturers, drawing their attention to the difficulties and handicaps they are working under at present. Not only is this strenuous competition with the non-Indian concerns going on, but the latter have now started putting on the market cheaper-priced cigarettes, which threaten to eliminate altogether the Indian factories. My Committee, therefore, are impelled to address Government again on this issue, and to request them to be pleased to make enquiries into this question, and to find out ways and means whereby the Indian cigarette manufacturing industry can be prevented from being ruined altogether.

APPENDIX 83

Approved Articles for Supply in Railway Stalls and Hotels

Letter No. 1856 *dated* 19*th July* 1939 *from Chamber to Railway Board, Simla.*

My Committee are given to understand that stalls and hotels on Railway platforms and premises are allowed to sell only goods of manufacturers whose products are approved by the Railway companies concerned or by the Railway authorities. In this connection they are also given to understand that recently efforts made by Indian-owned cigarette factories to get their makes of cigarettes on the approved list for the above purpose have not been successful. The Railway companies concerned, it would appear, are reluctant to allow Indian-made cigarettes being sold in such stalls and for one reason or the other reject the applications made in this behalf. My Committee have often in the past pointed out to the Railway Board the part that the Railways can play in encouraging and fostering the use of Indian-made articles. In recent

years railways also claim that they are taking every step wherever possible to see that Indian-made goods are encouraged for use in the railways. It is, therefore, surprising to learn that there should have been any difficulty in allowing cigarettes manufactured by Indian-owned factories to be stocked and sold in stalls and hotels in railway premises. My Committee request that the Railway Board will be pleased to examine this complaint and to issue instructions to the Railway Administrations concerned so that Indian-made articles such as provisions and cigarettes may be freely allowed to be used and sold in railway stalls and hotels.

Letter No. 1157-TT dated 7th October 1939 from the Railway Board, New Delhi to Chamber.

In continuation of the Railway Board's letter No. 1157-TT, dated the 4th August 1939, I am directed to state that enquiries made from the several Railway Administrations concerned disclose that stallkeepers and refreshment room contractors are not required by their agreements with the railways to confine their sales to particular brands of products; they are therefore at liberty to stock any brands of cigarettes which are available in the market and for which there is a demand from the travelling public. If any manufacturer of indigenous articles has been unable to secure sale for his articles, it would appear that it is only because the contractors do not find that there is sufficient demand. Under the circumstances, it would be appreciated if you would correct any misapprehension there may be on this point.

APPENDIX 84

Exchange Banks and Indian Policies*

Letter No. 2834 dated 25th October 1939 from Chamber to the President, Exchange Banks' Association, Bombay.

I am directed to refer to the previous correspondence on the above subject, ending with your letter of the 27th September 1938.

For reference, please refer to Report for 1938, pp. 473-75.

My Committee had therein referred to the complaints about the difficulties experienced by Indian merchants and Insurance Companies by the reluctance on the part of the Exchange Banks in accepting policies issued by Indian Insurance Companies. In your reply you had stated that no impediments of any nature were placed in the way of Indian Insurance Companies by the Exchange Banks, that no prejudice against Indian companies as such existed and further that most of the banks had limits for all insurance companies and each limit was fixed in relation to the standing of the individual company concerned.

My Committee have again received complaints about the refusal of Indian policies by the Exchange Banks. On enquiry, it is understood that the present difficulty was perhaps directly attributable to the war. In the past, insurance wih a *British* Company, which seems to be one of the conditions of many contracts, was not so strictly interpreted as to exclude insurance with Indian companies, and Indian policies were being accepted as coming within the requirement in regard to insurance with British companies. After the outbreak of the war, however, it would appear that the Exchange Banks were interpreting the term *British* Company strictly as a company exclusively British, and are treating Indian companies as not being included in the category of British companies. The result was that in case of contracts where insurance with *British* Company was stipulated, Indian policies were not accepted.

The above position will stand in the way of Indian companies getting their legitimate share of business and will give rise to the feeling and impression that Indian companies are being deliberately discriminated against. My Committee, therefore, suggest that the constituent banks of your Association should give this matter their earnest consideration and bring about, at an early date, conditions under which the prejudice or impediment in question is removed and Indian Insurance policies are freely accepted.

The maintenance of Indo-British trade relations on a proper basis is of particular importance at this stage and my

Committee hope that your Association will assist in eliminating chances of such complaints based on racial considerations.

Letter dated 2nd November 1939 from the President, Exchange Banks' Association, Bombay to Chamber.

Your letter of 25th ultimo has been circulated among the Members of my Association who all state that their attitude towards Indian Insurance Companies has not changed in any way since this Association's letter to you of 27th September 1938.

Since the outbreak of the War a large number of credits have been issued which state definitely that British Insurance policies must accompany the relative bills. Under the circumstances Banks have no alternative but to adhere *strictly* to the terms of the credit.

There is no question of any racial distinction whatsoever by the Exchange Banks, the question is purely one of the financial stability of the various companies.

The writer's own Bank have increased their limits for Indian business very considerably since September 1938 and no doubt other Exchange Banks have done likewise.

It appears to our Members that the only remedy is for the Indian Chamber of Commerce to address the London Chamber of Commerce on the subject as the Committee of the latter Chamber may be able to influence certain British importers, who at present insist on British policies, to accept the policies of Indian Insurance Companies of good standing in future.

Letter No. 3163 dated 5th December 1939 from Chamber to the President, Exchange Banks' Association, Bombay.

I am directed to acknowledge receipt of your letter of the 2nd instant on the above subject.

The matter was considered by my Committee and as suggested by you, they are in communication with the London Chamber of Commerce.

In this connection, I am also desired to inform you that enquiries were made in banking circles in London on behalf

of one of the Indian Insurance Companies in this regard. The information received is to the effect that the banks consulted were of opinion that where the letter of credit stipulates a British Insurance Company, they would consider that a British Indian Insurance Company or a British Dominion Insurance Company would come under the term "British."

In view of this view held in the London Banking circles, my Committee suggest that the members of your Association should reconsider the matter and should be in a position to accept policies of British Indian Companies as coming within the scope of the requirement in regard to Insurance with a "British" company.

Moreover, in doing so, your members will be running no risk as in recent years Indian insurance business has been developed on healthy lines and with the passing of the new Insurance Act, regulations and requirements have been standardised and insurance business in India may be deemed to be transacted on sound principles.

My Committee, therefore, desire me to request you once again to have this matter further considered by your Association and to bring about conditions under which policies issued by Indian companies are accepted without any hesitation.

Letter No. 3160 dated 5th December 1939 from Chamber to the Secretary, London Chamber of Commerce, London.

I am directed by the Committee of my Chamber to send you herewith copies of the correspondence carried on between them and the Exchange Banks Association, Bombay, on the question of acceptance of marine insurance policies issued by Indian Insurance Companies.

The complaints about the difficulties experienced by Indian merchants and Insurance companies on account of the reluctance on the part of the Exchange Banks to accept policies issued by Indian Insurance Companies date as far back as 1929 when the matter was prominently referred to before the Indian Central Banking Enquiry Committee. Subsequently, however, there was some improvement in the position and as

the Exchange Banks Association referred in their letter dated 27th September 1938; most of the Exchange Banks had limits for all insurance companies for the purpose of accepting policies and such limits appeared to be fixed in relation to the standing of the company concerned.

Since the beginning of the War, however, the difficulty has again re-appeared and my Committee addressed the Exchange Banks Association once again in the matter on 25th October 1939, pointing out that at a time when the maintenance of Indo-British trade relations on a proper basis was of paramount importance, any treatment meted out to Indian insurance companies savouring of racial discrimination, would have undesirable effects on the Indian mind.

In their reply dated 2nd November 1939, the Exchange Banks Association have referred to the circumstance that since the outbreak of the war, a large number of credits have been issued which state definitely that British Insurance policies must accompany the relative bills and that in view of such a stipulation, the banks have to adhere strictly to the terms of the credit. In this connection, it is pertinent to point out that in the past, insurance with a *British* company was not so strictly interpreted as to exclude insurance with Indian companies, and Indian policies were being accepted as coming within the requirement in regard to insurance with British companies. After the outbreak of the war, however, it would appear, that the Exchange Banks in India are interpreting the term *British* company strictly as a company exclusively British and are treating Indian companies as not being included in the category of British companies.

The Banks also suggest that my Committee should address the Committee of your Chamber with a request that they should use their good offices with the British importers and influence them to accept policies issued by Indian Insurance Companies without any condition.

Accordingly, I am desired by my Committee to approach you with a request that your Committee will be good enough to use their influence with British importers with a view to the removal of stipulations in regard to insurance with British

companies in the credits issued by them and with a view to creating an atmosphere in which Indian policies are accepted by British importers without any reluctance or reserve.

Indian insurance business has, in recent years, been developed on healthy lines and the Insurance Legislation undertaken in this country two years back, has made provision for the regulation of Indian business on sound principle. There should, therefore, be no ground for any reluctance on the part of British importing houses to accept policies issued by Indian companies as cover for consignments in which they are interested.

Letter dated 7th December 1939 from the President, Exchange Banks' Association, Bombay to Chamber.

With reference to your letter of 5th instant the above question was discussed at a meeting of our members held last evening when it was decided that I could add little to the advices contained in my letter of the 2nd ultimo in which I pointed out that Banks must strictly adhere to the terms of a Letter of Credit. It is a question for the Indian shipper to arrange with his buyer that the policies of Indian Companies should be accepted and then the Credit will be made out accordingly. There is a great possibility, especially should a slump arise, of bills being dishonoured for merely technical reasons and the acceptance of Indian Insurance Companies' Policies for shipments under Credits calling for "British" policies would probably prove one of them.

I do not know in which Banking circles in London the enquiries mentioned by you were made but our members do not agree with the contention that where the Letter of Credit stipulates a British Insurance Company they would consider that a British Indian Insurance Company would come under the term British.

Letter No. AEA|DG, dated 18th January 1940, from London Chamber of Commerce, London to Chamber.

I have now had an opportunity of consulting the Chairman of the East India Section of this Chamber, Sir Stephen

Demetriadi, on the subject of your letter of the 5th December last. He asks me to assure you that there is no discrimination on the part of firms and companies trading with India against Indian insurance companies, and that it is open to such companies to show traders, by reference to their rates, conditions and the security offered, their value as insurance media.

Possibly during the present abnormal conditions, there is an increasing tendency to insure marine risks through United Kingdom companies or underwriters in preference to overseas concerns, the reason probably being that as war risks, which must also be covered at the same time, are re-insurable with the Government, it is more convenient that both covers should be secured through the one agency. It will also be appreciated that the psychological effect of the British Government standing behind the insurance interests in respect at least of one class of risk may be to influence business in favour of United Kingdom undertakings and to make it more difficult for overseas concerns, however substantial, to compete.

Doubtless the position may be more open after the war when Government cease to take any part in the insurance business.

Letter No. 425, dated 15th February 1940, from Chamber to the Secretary, London Chamber of Commerce, London.

I beg to acknowledge receipt of your letter of the 18th January on the above subject which was duly placed before my Committee at their last meeting. At this stage, I am desired to point out, in reply to the remarks contained in the second para of your letter, that the facility of re-insurance with the U. K. Government of War risk in respect of marine policies is equally available for Indian Insurance Companies and, as such, such a consideration could not have influenced the stipulation about insurance with British companies.

As my Committee are not satisfied with the position, they propose to take up the matter with the Government of India.

Letter No. 456, dated 16th February 1940, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of this Chamber to forward to you herewith correspondence carried on by them with (1) the Exchange Banks' Association and (2) the London Chamber of Commerce, London, regarding difficulties experienced by Indian merchants and Indian Insurance Companies on account of the reluctance of the Exchange Banks to accept policies issued by Indian Companies.

The grievance on this account is not a new one. It was prominently raised before the Indian Central Banking Enquiry Committee as far back as 1929. Concrete instances of loss of insurance business to Indian companies by the prejudice in question were also placed before the Banking Committee. The matter is discussed at length both in the majority and minority reports of that Committee, and it was hoped that early steps would be taken for the "establishment of more cordial relations between Exchange Banks and the Indian Insurance Companies."

Subsequently, there was some improvement in the position and as would appear from a perusal of the correspondence the Exchange Banks had limits for all Insurance companies for the purpose of accepting policies, and such limits were deemed to be based on the standing of the company concerned.

Since the outbreak of the War, the difficulty has again reappeared, and in reply to enquiries the Exchange Banks' Association informed my Committee that a large number of credits issued on behalf of importers at the other end definitely stipulated that British Insurance policies must accompany the relative bills and that in view of such a stipulation the banks had no choice in the matter. Insurance with a British company was ordinarily understood to include insurance with Indian companies and Indian policies were being generally accepted as coming within such stipulation. In their last reply dated 7th December 1939, the Exchange Banks' Association, however, definitely state that in the opinion of their member-banks, where letters of credit stipulated a British Insurance

company an Indian insurance company would not be deemed to satisfy the requirements of this stipulation.

In view of this attitude adopted by the Exchange Banks, my Committee addressed the London Chamber of Commerce with a suggestion that the Council of the Chamber should use their good offices with the British importers and influence them to accept policies issued by Indian Insurance Companies without any condition. The reply received from the London Chamber dated 18th January 1940 evades the issue and suggests that the hesitation may possibly be accounted for by the fact the British Insurance companies enjoy the privilege of re-insurance of war risk with the British Government. Such a suggestion is not valid for the simple reason that the facility of such re-insurance with the British Government is also available for policies issued by Indian companies and, therefore, even under conditions of war, the value of Indian companies as insurance media is exactly on the same footing as British companies.

My Committee wish to draw the attention of the Government of India to this discrimination practised against Indian companies and Indian enterprise by foreign banks. A good deal was heard in recent years in regard to the necessity for safeguards against commercial discrimination ; but here is a case which demonstrates the necessity for safeguards for preventing the nationals of the country from being discriminated against in their own soil. My Committee earnestly request that the Government of India will be pleased to examine the above matter and to take up the question with His Majesty's Government and arrange for negotiations and discussions with the Head Offices of the Exchange Banks and prominent importing houses in the United Kingdom with a view to the removal of any such artificial impediments in the way of Indian insurance companies getting their legitimate share of business. Apart from the loss of business, which by itself is very important, the question involves issues of national self-respect and it is to be hoped that the Government of India will pursue the matter vigorously.

APPENDIX 85

Indian Wheat to be made Tenderable under the Liverpool Wheat Contract

Letter dated 2nd January 1939, *from Mr. Ratilal M. Gandhi to Chamber.*

I enclose herewith a note on the progress of negotiations in regard to securing recognition for Indian Wheat as a tenderable quality against the Liverpool Futures Delivery Contract.

I hope that the Committee of the Chamber would now take up this matter with the proper authorities, in due course.

NOTE ON THE PROGRESS OF NEGOTIATIONS IN REGARD TO SECURING RECOGNITION FOR INDIAN WHEAT AS A TENDERABLE QUALITY AGAINST THE LIVERPOOL FUTURES DELIVERY CONTRACT.

It will be recalled that representations were made during 1937 by certain grain trade associations and chambers of commerce in regard to the disabilities to which it was asserted, Indian wheats were subject in the European market, notably in the United Kingdom, as a result of the Indian product not being tenderable against the Liverpool or London "Futures" Contracts.

Sir Bryce Burt, Vice-Chairman, Imperial Council of Agricultural Research, who was due to proceed to the United Kingdom in May 1937, with the Indian Trade Delegation, very kindly undertook to discuss the question with the corn trade associations concerned.

In a conversation which Sir Bryce had with the Chairman of the Liverpool Corn Trade Association it was stated that there was no prejudice against Indian wheat nor was there any objection on the part of the Association to increasing the number of varieties tenderable but it was essential that (*a*) the wheat should be fit for storage over a long period without risk of deterioration by weevil infestation (*b*) that it should be "reasonably clean" and (*c*) that a regular supply should be available. It was also apparent that the most important

factor from the Association's viewpoint was the liability of Indian wheat to weevil during storage. Further it was stressed that the wheat should be shipped cleaner and freer of impurities than is the case at present.

In order to enable the Liverpool Corn Trade Association to examine Indian wheat from the viewpoint of tenderability against the "Futures" Contract it was arranged that a sample shipment of Choice White Karachi wheat, cleaned down to the limit commercially practicable, should be consigned to the Association. This was done and 6 bags of white wheat deriving from Sind and analysing at the point of shipment .30 per cent dirt, .05 per cent barley and with no weevilled grains, whatever, were despatched from Karachi on 11th August 1937. It may be noted that in the shippers' opinion, wheat fully equal to the sample consignment would be worth about 9d. per quarter (480 lb.) more than the fair average quality of Karachi shipments which contain about 2 or 3 per cent barley and have a dirt content, as ascertained at Karachi, of seldom less than 1 per cent and frequently upto 2 per cent or sometimes even more.

About the middle of September 1937, the trial shipment reached Liverpool and on the 18th of that month an average sample was drawn from the 6 bags and examined by a representative Committee of the Liverpool Corn Trade Association appointed to consider the possibility of including Indian wheat in the Liverpool "Futures" Contract, with the following results :—

Natural test weight	...	62 lbs. 12 oz. per Imperial Bushel
Condition	...	Good
Weevil	...	8 weevils to 6 lbs. of wheat.

The Committee decided to postpone their investigations until November when the wheat would be re-examined and its condition ascertained before making a final report.

On 15th November 1937, therefore, i.e., two months after the date of arrival of the trial shipment, a fresh average sample was taken and showed only 1 live weevil to three scoops (of about 2 lb. each) and a very few dead weevils.

The Committee agreed that so far as weevils were concerned the wheat passed the test.

The sample was now matched against a standard sample of fair average quality Choice White Karachi, July shipment (made up by the London Corn Trade Association) and was pronounced to be superior to the standard, the Committee agreeing that their experience of shipments of Karachi wheat during 1937 had shown nothing approaching the quality of the trial shipment. The Committee further agreed that if India could ship produce equal to the trial shipment it was probable that such class of wheat could be included in the Liverpool "Futures" Contract but that it would be necessary to have a full season's experience.

The Directors of the Association adopted the Committee's views and stated that Choice White Karachi, equal to the quality of 1937 shipments would have no chance of qualifying for delivery against the "Futures" Contract.

Advantage was taken of the Grain and Oilseeds Conference of 4th April 1938, to explain the position to the trade representatives present, and it was pointed out by Sir Bryce Burt that the Imperial Council of Agricultural Research had gone as far as possible and that it now lay with the associations to pursue the matter further with the Liverpool Corn Trade Association.

At the end of May, the Buyers and Shippers Chamber, Karachi, wrote to the Agricultural Marketing Adviser urging further departmental representations as it was not considered desirable that such action should be left to the commercial associations in India at the present stage. The Agricultural Marketing Adviser replied stating that the Liverpool Corn Trade Association was a purely trade institution not under the control of the United Kingdom Government in any way and that if Indian wheat was to be made tenderable the Association would have to be convinced that Indian wheat was a practical proposition. After reviewing the objections put forward by the Liverpool Corn Trade Association it was suggested that the various interested bodies in India should ask the Association to define the conditions under which it

would agree to make Indian wheat tenderable in Liverpool. Meantime the Agricultural Marketing Adviser had proceeded on leave to England. During his visit he availed himself of the opportunity to reopen the question with the Liverpool Corn Trade Association. At an informal meeting with the Board of the Association on 8th August, 1938, Mr. Livingstone explained the views of the Indian Grain Trade and the reasons why Indian wheat might be included as tenderable under the Liverpool Futures Delivery Contract.

As a result of this meeting the Directors of the Liverpool Corn Trade Association, reviewed the problem and early in September 1938, defined certain requirements to which Indian wheat should conform.

These were as follows :—

(*a*) Choice White Karachi, 90% white.

(*b*) Commercially free from weevils.

(*c*) Basis of weight 60½ lb.

(*d*) Reasonably free from farinaceous grains.

(*e*) Free from dirt.

They also suggested that shippers and other commercial interests be consulted as to the practicability of shipping upto the above requirements.

In order to clear up certain points of interpretation the Agricultural Marketing Adviser wrote to the Association early in October stating that so far as the condition "commercially free from weevil" was concerned it was gathered that 2 live weevils per lb. of sample would be regarded as the limit acceptable. As regards specific weight it was presumed that equivalent terms expressed in the number of kernels per gramme (or tola) might be satisfactory. Referring to the condition "reasonably free from farinaceous grains and seeds" it was assumed that by "farinaceous grains" was meant other food grains such as barley, pulses, etc. The term "seeds" however was not clear. According to local custom in India "seeds," by which was meant oilseeds, are included with dirt. As regards the fifth and last condition

" free from dirt," it was pointed out that owing to the methods of harvesting in vogue in India it was not possible to avoid the presence of dirt altogether.

By the end of November the Liverpool Corn Trade Association having considered the various points raised by the Agricultural Marketing Adviser replied agreeing with his interpretation of the Association's requirements regarding weevils. It was also stated that the specific weight should be that ascertained in the United Kingdom prior to the wheat being presented to the Association's Grading Committee. As regards specifying tolerances for Farinaceous Grains and Dirt the proportions of these would be taken as approximately ½ per cent each. Dirt would include not only dust, chaff, etc., but also all non-food grains such as oilseeds. The Directors of the Association drew attention to the fact that the above mentioned percentages were higher than the percentages ascertained on the trial parcel of wheat shipped from Karachi in August 1937.

(Copy of relevant correspondence attached.)

COPIES OF CORRESPONDENCE EXCHANGED IN CONNECTION WITH THE TENDERABILITY OF INDIAN WHEAT AGAINST THE LIVERPOOL FUTURES DELIVERY CONTRACT.

Copy of letter No. GC 16|670, dated the 27th May 1938, from the Honorary Secretary, the Buyers and Shippers Chamber, Karachi, to the Agricultural Marketing Adviser to the Government of India, Delhi.

I am directed to address you as under :

When the subject of tendering Indian Wheat under Liverpool/London Contract came up before the Grain and Oilseeds Conference held on the 6th April 1937, the members urged that in view of the considerably improved quality of Indian wheat, there was now no reason for it not finding a place in the contracts of these markets. After discussions in the matter, the Chairman suggested that " an informal enquiry should be made as to how a proposal of this nature would be viewed by London and Liverpool exchanges and what the special quality requirements, if any, would be."

At the last Grain and Oilseeds Conference, the Chairman informed the meeting about the result of his discussions in the matter with Liverpool Corn Trade Association. It has been suggested that the Liverpool Corn Trade Association would be prepared to take Indian wheat provided (*a*) there was a regular export trade, and (*b*) its quality was not inferior to that of the trial shipment which had been the subject of the special investigation at Liverpool last year.

In my Committee's opinion, the above are flimsy grounds under which attempt is being made to keep Indian wheat outside the contracts of London and Liverpool markets. I am to give below the Stability and General Strength Analysis of various wheats that are accepted as tender by Liverpool and London Associations, and also of the Indian wheat, and a general glimpse of these figures will show that Indian wheat ranks as second best :

	Stability	*General Strength*
Manitoba ...	60–90	60–100
Plate ...	35–50	30– 50
Australian ...	30–45	20– 40
English ...	15–25	10– 25
Indian ...	60–90	30– 45

It is therefore surprising that Indian wheat should not have been included amongst the wheats tenderable against the futures contract.

As regards the attitude of the Liverpool Corn Trade Association towards Indian wheat, the following extract from their proceedings will throw further light in the matter :

> "**Indian Wheat.**—There have been meetings and correspondence with the Government of India Trade Commission in London and others with regard to their proposal that wheat produced in India should be included, as tenderable, under the Liverpool "Futures" contract.
>
> The suggestion is interesting in view of the steps which the Indian Government are taking to increase and improve production (referred to later in this Report). After

careful consideration, the Directors decided that, at the present time, the Contract should not be altered, as Indian shipments have been spasmodic in the past, and greatly dependent on the World Price level; further, wheat from India is sold subject to a "Dirt" clause and, when kept in store in this country, is apt to develop weevils rapidly."

If the Liverpool Association is sincere, in accepting the Indian wheat as tender against forward contract, they can specify the terms about quality and admixture. As it is, Karachi Choice White Wheat is being sold on pure basis, and any dirt found in the wheat is paid for. Barley is accepted upto 2%, and it is not difficult therefore to fix the basis.

Under the circumstances, my Committee request that you will be good enough to pursue the matter with the Liverpool Corn Trade Association by representing them strongly the case of Indian wheat so that the said Association may change its views and admit Indian wheat as tenderable wheat. In my Committee's opinion, it is not desirable that Government should leave the matter at this stage for being taken up by the commercial associations representing wheat interests or by the proposed Federation of Grain and Oilseeds Association as mentioned in the proceedings of the last Grain and Oilseeds Conference. The commercial associations will no doubt do their part in co-operation with Government.

Thanking you in anticipation.

Copy of letter No. A-51(43), dated the 27th July 1938, from the Agricultural Marketing Adviser, Delhi, to the Honorary Secretary, the Buyers and Shippers Chamber, Karachi.

I have the honour to acknowledge your letter Gc 16/670, dated the 27th May 1938 and to state while I am in full sympathy with your anxiety that Indian wheat should be made tenderable against the Liverpool futures contract, it is not possible for me to take any further action. You will doubtless appreciate the fact that the Liverpool Corn Trade

Association is a purely trade institution not under the control of the United Kingdom Government in any way.

If Indian wheat is to be made tenderable against the Liverpool futures contract, the Association must be convinced that this is a practical proposition. The data concerning the stability and general strength to which you refer in your letter under reply are irrelevant to the question of tenderability. These are the intrinsic characters of wheat and may for instance, be compared with the staple length of cotton.

The main objections put forward by the Liverpool Corn Trade Association are as follows :—

(*a*) The export of Indian wheat has long been of a spasmodic nature and it is not considered by the Association to be a sound proposition to admit wheat which is not in regular supply. This, however, is not the most important point.

(*b*) Fair average quality of the Indian wheat as regularly shipped contain too many impurities to be tendered against the Liverpool Option. This will be appreciated from the attached statement showing the analysis of the sample shipment specially forwarded to Liverpool by me last August, and for comparison, the analysis of average commercial shipments. You will observe that there is a considerable difference between the two sets of analysis results. In this connection a parallel case may be mentioned in India. Hyderabad cotton (Moglai) is not tenderable against any of the East India Cotton Association Contracts although it is freely purchased by the mills. The reason is that Moglai cottons are very dirty.

(*c*) The most serious point of all is, as you are aware, that Indian wheats are very liable to weevil in store. Clearly therefore a wheat which is subject to such serious deterioration during storage is hardly a suitable wheat for tendering against an option contract.

There would appear to be little doubt that if shippers cleaned their wheat down to a proper level, the Liverpool Corn Trade Association would be prepared to accept Indian

wheat against the Option as the sample shipment which was forwarded to Liverpool last year has clearly demonstrated that it is commercially practicable to ship wheat clean enough to be tenderable against the Liverpool futures contract. Moreover there was no trouble at all from weevil in this shipment.

It is suggested therefore that the best course would be for your Association, in collaboration with other interested bodies, to take the matter up with the Liverpool Corn Trade Association requesting the latter to define the conditions under which they would make Indian wheat tenderable in Liverpool.

Statement

	Analysis of sample shipment per S.S. "City of Perth" sailed from Karachi 11th August 1937 %	Average analysis results of 110,000 tons Choice White Karachi shipped in 1936-37 %
Dirt ...	0.30	1.06
Barley ...	0.05	2.10
Weevilled ...	Nil	1.04
Damaged ...		0.42
Shrivelled ...		1.10
Red Wheat ...		11.52

Copy of D.O. letter dated the 5th September 1938, from the Secretary, the Liverpool Corn Trade Association, Ltd., Liverpool, to the Agricultural Marketing Adviser, Delhi.

For your information I enclose copy of a letter which I wrote on the 8th August to the Trade Commissioner, Office of the High Commissioner for India, London, and copy of a further letter which I have written to him today.

The Directors of this Association were very pleased to see you on the 8th August, and since then they have carefully considered the points which you made when you addressed the Board.

Copy of letter dated the 8th August 1938, from the Secretary, the Liverpool Corn Trade Association, Ltd., Liverpool, to the Trade Commissioner, London.

With reference to the correspondence which we had with you last Summer on the above subject, I have to report that we have had the pleasure of a visit from Mr. Archibald McD. Livingstone, Agricultural Marketing Adviser, Government of India, who called here on Friday and had conversations with some of our Members.

The Directors of the Association understand that Mr. Livingstone is on leave at present and that his visit was not official, but, as a result of these conversations, they were glad to invite him to address the Board on the above subject at a meeting today.

He was kind enough to explain, very clearly, the views of the Indian Grain Trade and the reasons why Indian wheat might be included as tenderable under the Future Delivery Contract of this Association.

The Directors have thanked Mr. Livingstone and have promised him that the position will be carefully reviewed, giving full consideration to the statements which he made today.

Copy of letter dated the 5th September 1938, from the Secretary, the Liverpool Corn Trade Association, Ltd., Liverpool, to the Trade Commissioner, London.

With reference to my letter of the 8th August, and to previous correspondence on this subject, and to the call which we had here, recently, from Mr. Archibald McD. Livingstone, Agricultural Marketing Adviser, Government of India, I am instructed to say that during the last twelve months the Members of this Association have had further experience of Indian shipments, but that there did not appear to them to be any improvement in the quality or condition of Indian wheat shipped during that period,—comparing these shipments with previous years.

The Directors of this Association would suggest that a Standard should be aimed at, so that shipments should conform to the following requirements :—

(1) Choice White Karachi Wheat, 90% white.

(2) Commercially free from weevils.

(3) Basis of weight 60½ lbs. (the same as for Argentine or Australian wheats tenderable under the Liverpool 'Futures' Contract).

(4) Reasonably free from farinaceous grains and seeds.

(5) Free from dirt.

Further, the Directors would suggest that the authorities in India should consult with the Shippers and other Commercial Interests and ask them whether they think it practicable to ship upto the above requirements—Nos. 1 to 5 inclusive. If the answer is in the affirmative, then the Directors would be prepared to carry matters a step further.

The Directors assume that you will forward this letter to the authorities at Delhi, as they understand from Mr. Livingstone that the Indian Grain Trade are anxious that Indian wheat should be included as tenderable under the Future Delivery Contract of this Association.

Copy of D.O. letter No. A-51 (43), dated the 5th October 1938, from the Agricultural Marketing Adviser, Delhi, to the Secretary, the Liverpool Corn Trade Association, Liverpool.

I have to thank you for your letter dated 5th September enclosing copy of an official letter addressed to the High Commissioner, London, setting out certain requirements to which shipments of Indian wheat should conform in order to be tenderable under the "future" delivery contract of your Association.

Before putting this up to the trade in this country there are one or two points of interpretation in the terms which I wish you would clear up for me.

(1) "Choice White Karachi wheat, 90% white." This seems to me to present no difficulty.

(2) "Commercially free from weevils."

I shall no doubt be asked to say what is intended by the term "commercially free." As you know, in the new crop shipments, say from May to July, one would normally expect to find little or no sign of weevil, but they would be almost sure to be present after September.

In the discussions I had with various members of your Association I gathered that something like two live weevils per lb. sample would be regarded as the limit in wheat "commercially free" from weevils. Could you please confirm.

(3) "Basis of weight, 60½ lbs."

I see no difficulty in complying with this part of the specification although as you are probably aware, the use of the bushel weight is not common in this country. I presume, however, that if equivalent terms were stated in the number of grains per gramme or per tola this would be quite satisfactory.

(4) "Reasonably free from farinaceous grains and seeds."

The meaning of the word "seeds" is obscure as normally in this country this term is applied to oilseeds, and oilseeds are included along with dirt. By farinaceous grains I presume you mean barley, pulses and other food grains, but you might please confirm.

The words "reasonably free" might perhaps be more clearly defined in terms of percentage.

(5) "Free from dirt."

In this case also it would be desirable to have some interpretation as to what is meant by the word "free." Owing to the method of harvesting in vogue in this country it is not possible to avoid the presence of dust altogether. Apart from that, as pointed out in the preceding item, oilseeds and all non-food grains are included under the term "dirt."

I am enclosing by separate post for your information copy of the proceedings of a grain and oilseeds conference held last April and you will see on pages 13 and 14 the

standard terms for a white wheat contract as finally agreed to by all the representatives associations in this country. It would assist me considerably in interpreting your terms to the trade here if your requirements could be stated as nearly as may be in somewhat similar terms, or follow somewhat similar lines, the basis as defined in the Indian standard contract.

It is perhaps not easy to arrive at a clear understanding all at once but it would help enormously if you could elucidate a little further some of the points referred to above.

Copy of letter No. 882|P|38, dated the 14th October 1938, from the Secretary, the Karachi Indian Merchants' Association, Karachi, to the Agricultural Marketing Adviser, Delhi.

It has been brought to the notice of this Association that the Liverpool Corn Trade Association Ltd., has recently expressed their views as regards the quality of Indian wheat which can be considered for tender against their 'Futures' contract and have given indication of their requirements.

I am, therefore, to enquire if you have heard anything from them in this connection, and if so, may I request you to let me know the full particulars of their requirement, and also a copy of your reply, if any has been sent.

Thanking you.

Copy of letter No. A-51(43), dated the 21st November 1938, from the Agricultural Marketing Adviser, Delhi, to the Secretary, the Karachi Indian Merchants' Association, Karachi.

I have the honour to refer to your letter No. 882|P|38, dated the 14th October 1938, and to say that the Directors of the Liverpool Corn Trade Association Limited have suggested that the shipments of Indian wheat should conform to the following requirements :—

(1) Choice White Karachi Wheat, 90% White.

(2) Commercially free from weevils.

(3) Basis of weight 60½ lbs. (the same as for Argentine or Australian wheats tenderable under the Liverpool 'Futures' Contract).

(4) Reasonably free from farinaceous grains.

(5) Free from dirt.

2. I have replied to the Association that, before consulting the trade, I would like to have further information regarding the precise meaning of the terms used in items (2), (4) and (5) above.

3. I also indicated that it would be helpful if the terms of the requirements of the Liverpool Association could be indicated on the lines followed in the Indian Standard Contract.

4. A reply is awaited.

Copy of letter dated the 28th November 1938, from the Secretary, the Liverpool Corn Trade Association, Limited, Liverpool, to the Agricultural Marketing Adviser, Delhi.

I am instructed to refer to your letter of the 5th October, and to say that it has been carefully considered by the Directors of the Association, who ask me, in the first place, to apologise for not sending you an earlier reply to the questions which you raise.

The Directors note that as regards the first point ("Choice White Karachi Wheat, 90% White") this seems to you to present no difficulty.

As regards the second point ("Commercially free from weevils"), you are correct in assuming, in general, that two live weevils per lb. sample would be regarded by our Grading Committee as the limit, but the Directors wish to draw your attention to a Resolution which binds our Committee. It is as follows :—

"In any case where the wheat is not noticeably weevilcut, a slight increase over the average number of weevils which at present excludes,—namely four, shall be allowed, but an average of six weevils from three scoops shall definitely exclude the wheat from grading."

(Note.—A scoop contains about 2 lbs. of wheat).

As regards your third point ("Basis of weight, 60½ lbs."), the Directors would point out that this weight would be the basis weight per Imperial bushel, *as ascertained in this Country*, prior to the wheat being presented for Grading to our Committee.

As regards your fourth point ("Reasonably free from farinaceous grains and seeds"), and your fifth point ("Free from dirt"), it is not possible for the Directors to lay down arbitrary percentages; they can only give you a guide by saying that the percentage of "Farinaceous Grains" (as described by you) would be approximately one-half, and the percentage of Dirt would be approximately one-half.

The expression "Dirt" here means not only dust, chaff, husks, etc., but oil and other seeds and, as you express it, "non-food grains."

The Directors point out that the percentages above-mentioned are rather higher than the percentages ascertained by us on the trial parcel of wheat of last year.

You have before you the terms of the Future Delivery Contract. The Directors would point out that the Committee—whose duty it is to grade wheat intended for delivery—do not employ (except for the ascertainment of live weevils) any mechanical tests, and they would emphasise that the replies to your questions are based upon the probable requirements of our Grading Committee at the time when samples are submitted for grading, and not upon the quality or condition of the wheat on or before shipment from India.

It is therefore impossible to interpret our requirements on the basis of the White Wheat Contract as set out in Appendix I on pages 13 and 14, of the very interesting Report, a copy of which you were kind enough to send to us with your letter.

United Kingdom Wheat

Liverpool Contract Grade

Type of wheat tenderable	Minimum weight per bushel in pounds	Standard of Quality
(1) American Wheat—		(1) In fair merchantable condition (a slight dry warmth not to be objected to).
(*a*) Spring wheat, such as Manitoba, Northern (U.S.A) or any other spring wheat.	60	(2) Spring wheat must be reasonably hard of their respective types and all descriptions must be reasonably clean, though some heated, sprouted, frosted and/or smutted grain may be allowed provided that, according to the valuation of the Grading Committee, the wheat is not more than 1d. per cental (100 lbs.) inferior in value to basis quality. If the deficiency is more than this, the wheat is rejected. Should the wheat proffered be superior to basis grade, the Committee may allow a premium not exceeding 3d. per cental. Allowances in gradations of ½d. per cental may be made on wheat within the grade, varying thus from 1d. below to 3d. per cental above, contract price.
(*b*) Soft winter wheat	61	
(*c*) Hard winter wheat	60½	
(2) Argentine Wheat		
(*a*) Northern type	59½	
(*b*) Southern type	60½	
(3) Australian wheat	60½	

Letter No. 452, dated 20th February 1939, from Chamber to Associations (Karachi Indian Merchants, Grain Merchants, Marwadi Chamber and Indian Produce).

My Committee had addressed the Imperial Council of Agricultural Research in the year 1937 on the question of the

disabilities to which Indian wheat was subject as a result of the Indian product not being tenderable against the Liverpool or London Future Contracts. This matter was taken up by the Imperial Council of Agricultural Research with the Liverpool Corn Trade Association and a copy of the note on the progress of negotiations submitted by the office of the Agricultural Marketing Adviser to the Government of India is sent herewith.

You will see therefrom that the Liverpool Corn Trade Association has laid down certain requirements to which Indian wheat should conform before being made tenderable under the Liverpool Future Delivery Contracts. These conditions are as follows :—

(*a*) Choice White Karachi, 90% white.

(*b*) Commercially free from weevils.

(*c*) Basis of weight 60½ lbs.

(*d*) Reasonably free from farinaceous grains.

(*e*) Free from dirt.

Before, however, considering this matter further, my Committee would like to know if the wheat trade, represented by your Association, consider these conditions practicable and whether it is necessary or possible to accept them as conditions precedent to Indian wheat being recognised for purposes of the Future contracts in question. You will kindly let my Committee have the views of your Association and the wheat trade on the points raised in the note and particularly on the conditions above referred to.

Letter No. 448, dated 20th February 1939, from Chamber to the Agricultural Marketing Adviser, Government of India, Delhi.

Mr. Ratilal M. Gandhi has forwarded to my Committee a copy of the note on the progress of negotiations in regard to securing recognition for Indian wheat as a tenderable quality against the Liverpool Future Delivery Contracts, prepared by your department. They find therein that certain conditions are prescribed to which Indian wheat is expected

to conform before the same can be recognised for purposes of the Future Contracts in question. Before, however, considering this matter further, my Committee would like to know :

(*i*) What are the conditions under the contracts in question for American, Argentine or Australian wheat, and

(*ii*) whether the conditions proposed for Indian wheat are substantially the same as those in force for American, Argentine or Australian wheat.

In this connection, I have seen the statement headed "Liverpool Contract Grade Index" to the departmental note above referred to. But this statement refers mainly to the minimum weight per Bushel in lb. Does it mean that in respect of the other conditions now mentioned for Indian wheat, no specific provision has been made in the Liverpool Contract Grade so far as the American, Argentine or Australian wheat is concerned ?

Letter No. A-51 (43), dated 9th March 1939, from Agricultural Marketing Adviser Delhi to Chamber.

I have the honour to acknowledge your letter No. 448 of the 20th February 1939 and to reply to your enquiries as follows :—

2. The conditions governing American, Argentine and Australian wheat will be found in the attached copy of the Standard Contract form for future delivery of wheat used by members of the Liverpool Corn Trade Association, Limited, from which it will be observed that one of the main criteria of quality is the specific or natural test weight. It will also be noted that no wheat will be accepted for grading which, in the opinion of the Grading Committee, is more than one penny per cental (100 lbs.) inferior to basis quality. At current values of about 55 *d.* per cental the above allowance represents a tolerance of about 2 per cent "off" basis quality.

3. The conditions proposed by the Liverpool Corn Trade Association for Indian wheat may be summarised as follows :

(*a*) Only Choice White Karachi would be tenderable, containing 90 per cent white wheat.

(*b*) The wheat would have to be commercially free from weevils. In other words, a maximum of 2 live weevils would be allowed per lb. sample.

(*c*) The basis of weight to be 60½ lbs. per Imperial bushel which is the same as that in use for Argentine and Australian wheats and for American Hard Winter Wheat. American Soft Winter wheat must conform to 61 lbs. per bushel while all types of Spring wheat including Manitoba and Northerns are required to weigh 60 lbs.

(*d*) a tolerance of about 0.50 per cent (by weight) would be allowed for farinaceous grain. This is only a rough definition of the words "reasonably free" which the Directors of the Liverpool Corn Trade Association state cannot be expressed as an arbitrary percentage.

(*e*) An approximately similar tolerance (0.50 per cent) would be allowed in the case of "Dirt" which expression would include all foreign or non-farinaceous matter such as dust, lumps of earth, chaff, oilseeds, etc.

4. With reference to the question raised in the penultimate paragraph of your letter, reference to the terms of the Liverpool Future Delivery Contract will show that in addition to bushel weight specifications only, other provisions also exist relating to the quality requirements of American, Argentine and Australian wheats. Somewhat similar provisions would naturally govern tenders of Indian wheat and are given interpretation in the preceding paragraph of this letter.

CONTRACT FOR MEMBERS ONLY. No. 2

The Liverpool Corn Trade Association, Limited

FUTURE DELIVERY CONTRACT — WHEAT

Liverpool,————————19 .

We have this day SOLD to————————————
on the terms of the Printed Rules of the LIVERPOOL CORN

TRADE ASSOCIATION, LIMITED,————Load (s), say————Load (s), Wheat at————per 100 lbs. (each load representing about 4,800 Centals), as endorsed hereon, subject to mutual allowances for superiority or inferiority as fixed by the Grading Committee, but not exceeding threepence per cental for superiority or one penny per cental for inferiority, to be delivered during————————, ex-store in Liverpool, or, at Seller's option, ex the Grain Stores of the Manchester Ship Canal Company at the Manchester Docks, or ex-store in Birkenhead and, if in Birkenhead, then at an allowance to the Buyer of one half-penny per cental.

The Certificate of the Grading Committee shall accompany the tender of the Goods, and as between Buyer and Seller shall be final as to grade, and as between them shall not be affected by the result of any review of the Certificate under the provisions of the By-laws as to grading.

The wheat at time of tender to be in fair merchantable condition (a slight dry warmth not to be objected to).

In the case of wheat tendered in Liverpool or Birkenhead payment shall be made within two business days from the date of tender, and in the case of wheat tendered in Manchester within three business days thereof, by net cash, or by deposit made in accordance with the Clearing House Regulations, in exchange for a transfer order or orders.

This Contract is made between yourselves and ourselves and not by or with any person, whether disclosed or not, on whose instructions or for whose benefit the same may have been entered into.

In force for deliveries on and after 1st March 1934.

Copyright. Sold only at the Offices of the Association.

This Contract was made on the date specified, and within the business hours fixed by the Liverpool Corn Trade Association, Limited.

This Contract is to be read as if it had been made before the date on which the terms of the Anglo-American Trade Agreement came into force.

This Contract is to be read as if it had been made on or after the date on which the terms of the Anglo-American Trade Agreement came into force.

Reverse

American Red Wheat

SPRING WHEAT. If of the type known as Manitoba, basis of weight 60 lbs.

If of the type known as Northern (grown in the United States), basis of weight 60 lbs.

Any other type of Spring Wheat, basis of weight 60 lbs. SOFT WINTER WHEAT, free from garlic, basis of weight 61 lbs. HARD WINTER WHEAT, basis of weight, 60½ lbs.

Argentine Wheat

Basis of weight 60½ lbs.

Australian Wheat

Basis of weight 60½ lbs.

No wheat shall be graded which, in the opinion of the Grading Committee, has any defect which would render it unsuitable for general milling purposes.

Subject always to this proviso, basis wheat may contain some heated, sprouted, frosted, and/or smutted grains, and a proportionately increased quantity may be allowed if warranted by an improvement in weight or in other respects.

No wheat weighing more than one pound per imperial bushel under the basis weight shall be graded.

No wheat which complies with the weight requirements shall be rejected on account of the presence of heated, sprouted, frosted and/or smutted grains or other defects, if in the opinion of the Grading Committee, it is not more than one penny per cental inferior to basis quality.

The allowances, if any, shall be in gradations of not less than one halfpenny per cental.

The basis of weight as hereinbefore provided is per imperial bushel at time of grading.

Spring wheats must be reasonably hard of their respective types, and all descriptions of wheat must be reasonably clean of their respective types.

American Red Wheat must be wheat grown east of the Rocky Mountains in the United States of North America and/or Canada, except where otherwise provided.

CONTRACT FOR MEMBERS ONLY. No. 2

The Liverpool Corn Trade Association, Limited

FUTURE DELIVERY CONTRACT—WHEAT

Liverpool,————19 .

We have this day BOUGHT from———— on the terms of the Printed Rules of the LIVERPOOL CORN TRADE ASSOCIATION, LIMITED,————Load (s), say————Load (s), Wheat at————per 100 lbs. (each load representing about 4,800 Centals), as endorsed hereon, subject to mutual allowances for superiority or inferiority as fixed by the Grading Committee, but not exceeding threepence per cental for superiority or one penny per cental for inferiority, to be delivered during————, ex-store in Liverpool, or, at Seller's option, ex the Grain Stores of the Manchester Ship Canal Company at the Manchester Docks, or ex-store in Birkenhead and, if in Birkenhead, then at an allowance to the Buyer of one half-penny per cental.

The Certificate of the Grading Committee shall accompany the tender of the Goods, and as between Buyer and Seller shall be final as to grade, and as between them shall not be affected by the result of any review of the Certificate under the provisions of the By-laws as to grading.

The wheat at time of tender to be in fair merchantable condition (a slight dry warmth not to be objected to).

In the case of wheat tendered in Liverpool or Birkenhead payment shall be made within two business days from the date of tender, and in the case of wheat tendered in Manchester within three business days thereof, by net cash,

or by deposit made in accordance with the Clearing House Regulations, in exchange for a transfer order or orders.

This Contract is made between yourselves and ourselves and not by or with any person, whether disclosed or not, on whose instructions or for whose benefit the same may have been entered into.

In force for deliveries on and after 1st March 1934.

Copyright. Sold only at the Offices of the Association.

This Contract was made on the date specified, and within the business hours fixed by the Liverpool Corn Trade Association, Limited.

This Contract is to be read as if it had been made before the date on which the terms of the Anglo-American Trade Agreement came into force.

This Contract is to be read as if it had been made on or after the date on which the terms of the Anglo-American Trade Agreement came into force.

Reverse

American Red Wheat

SPRING WHEAT. If of the type known as Manitoba, basis of weight 60 lbs.

If of the type known as Northern (grown in the United States), basis of weight 60 lbs.

Any other type of Spring Wheat, basis of weight 60 lbs. SOFT WINTER WHEAT, free from garlic, basis of weight 61 lbs. HARD WINTER WHEAT, basis of weight, 60½ lbs.

Argentine Wheat

Basis of weight 60½ lbs.

Australian Wheat

Basis of weight 60½ lbs.

No wheat shall be graded which, in the opinion of the Grading Committee, has any defect which would render it unsuitable for general milling purposes.

Subject always to this proviso, basis wheat may contain some heated, sprouted, frosted, and|or smutted grains, and a proportionately increased quantity may be allowed if warranted by an improvement in weight or in other respects.

No wheat weighing more than one pound per imperial bushel under the basis weight shall be graded.

No wheat which complies with the weight requirements shall be rejected on account of the presence of heated, sprouted, frosted and|or smutted grains or other defects, if in the opinion of the Grading Committee, it is not more than one penny per cental inferior to basis quality.

The allowances, if any, shall be in gradations of not less than one halfpenny per cental.

The basis of weight as hereinbefore provided is per imperial bushel at time of grading.

Spring wheats must be reasonably hard of their respective types, and all descriptions of wheat must be reasonably clean of their respective types.

American Red Wheat must be wheat grown east of the Rocky Mountains in the United States of North America and|or Canada, except where otherwise provided.

APPENDIX 86

Railway Standard Conditions of Contract

Letter No. F. 1309, *dated 27th July* 1939, *from Federation of Indian Chambers of Commerce and Industry, New Delhi, to Chamber.*

The Chief Controller of Standardisation, Simla, has written to the Federation office regarding certain proposals to amend the I. R. S. conditions of contract. I am reproducing hereunder these proposals and have to request you to forward to this office whatever suggestions your Committee desire to offer on these proposals.

The proposed amendments are that in Clause 3 in the present serial Nos. A-1, A-2 and A-3-39.

(1) After the sentence "No interests shall be payable on cash deposits" the following shall be added—

"The purchaser shall be entitled to deduct from the said deposit any loss or damage which the purchaser may be put to by reason of any act or default of the contractor or any other money recoverable by the purchaser from the contractor and to call upon the contractor to maintain the deposit at its original limit by making further deposits."

(2) After the word "to make" in the next sentence, add "and to maintain."

The text of the present Clause 3 is reproduced as an appendix for ready reference.

(3) The following new clause shall be added between Clauses 21 and 22 in A-1-39 and between Clauses 19 and 20 in A-2 and A-3-39.

"The purchaser shall be entitled to retain the amount of any claim of the purchaser against the contractor whether liquidated or unliquidated arising out of the contract under reference or otherwise however and set off the same *pro tanto* against any amount payable to the contractor under the contract under reference or otherwise howsoever without prejudice and in addition to the other rights of the purchaser to recover the amount of any such claim as aforesaid."

I shall be much obliged to have your views on the above proposals to reach me by Monday the 14th August 1939.

Copy of Clause 3 from the I.R.S. conditions of Contract for Contracts for Stores serial No. A-1-39 (text of Clause 3 for the serial Nos. A-2 and A-3-39 is more or less the same and therefore not reproduced separately).

3. **Security Deposit.** Unless otherwise agreed between the Purchaser and the Contractor the Contractor shall, within 14 days after written notice of acceptance of the Tender has been posted to the Contractor, deposit with the Railway concerned (in cash or the equivalent in Government Securities or approved Banker's Guarantee Bond) a sum equal to 5 per

cent on the total value of the approximate quantities of Stores detailed in the said Schedule for which the Tender has been accepted, subject to a maximum of Rs. 10,000 as security for the due fulfilment of the Contract. No interest shall be payable on cash deposits. In the event of the Contractor failing to make a security deposit in the manner aforesaid, he shall be liable to forfeit any moneys lodged with the Tender by him and the Purchaser shall be entitled to cancel the acceptance of the Tender.

Letter No. 2155, dated 16th August 1939, from Chamber to the Federation of Indian Chambers of Commerce and Industry.

I am directed to refer to your letter No. F. 1309 dated the 27th July 1939 on the above subject and in reply to say that my Committee have no objection to the amendments proposed to Clause 3 of the conditions of contract in respect of stores supply for Indian Railways. They, however, suggest that where such deductions are made from deposit amount, the tenderer or contractor concerned should be immediately informed of the details with full particulars of such deductions. My Committee request that the above suggestion may be communicated to the Chief Controller of Standardisation.

APPENDIX 87

Running Contracts of the Indian Stores Department

Letter No. 2524, dated 23rd September 1939, from Chamber to the Chief Controller of Stores, Simla.

The attention of my Committee has been drawn to the difficulties experienced by tenderers and merchants in the matter of conforming to the terms and conditions of the Running Rate Contracts of the Indian Stores Department.

Under the terms of such contracts, the purchaser, i.e., the Indian Stores Department or the State Railways, has the option of purchasing 25 per cent more or 25 per cent less than the prescribed quantity. On occasions when prices fluctuate

rapidly, this provision imposes a serious hardship on the tenderers, as they have to carry stocks to the extent of 125 per cent of the quantity prescribed in the tender and may, at the same time be called upon to supply only 75 per cent thereof. My Committee feel that the toleration limit of 25 per cent is excessive and that the same should be reduced to 10 per cent maximum. It is but fair that in periods when prices fluctuate sharply the tenderers and merchants should not be called upon to bear the consequences in respect of the marginal supply with which they must provide themselves under the terms and conditions in question.

The contracts of the Department also do not contain the usual saving clause, absolving the tenderers from all liability in case of failure to comply with the terms of the contract on account of conditions over which the suppliers may have no control, such as *force majeure*, enemy acts, labour troubles, etc. The inclusion of such a clause is a normal feature of all supply contracts, and my Committee request that the Indian Stores Department should also introduce the same in their contracts.

My Committee hope that the Government of India will be pleased to consider the above suggestions favourably and to issue necessary instructions at an early date.

Letter No. K-16 (189), dated 7th October 1939, from the Chief Controller of Stores, Simla to Chamber.

With reference to your letter No. 2524, dated the 23rd September 1939, on the subject mentioned above, I have the honour to state that the Clause in this Department's Running contracts, giving the purchaser a margin of 25 per cent above or below the stipulated quantity is included in order to meet the needs of indenting authorities whose annual consumption is liable to a considerable variation and who are not able therefore to forecast their requirements with any great accuracy. The difficulties involved in working to this arrangement in normal times do not appear to be either great or onerous particularly since the Standard Conditions of Contract Form I.S.D. 12-B—a copy of which is enclosed for your infor-

mation—specifically provide for "reasonable notice in writing" of any intention to operate under the provision of this clause. During the present unsettled conditions due consideration will be given to the difficulties. Firms anticipate in arranging regular supplies and it is open to them when tendering to bring out such points ; since all contracts are concluded on a mutual basis there would appear to be no necessity to modify the standard conditions of contract at this stage.

2. As regards the supplier's inability to fulfil his obligations due to causes such as *force majeure*, your attention is invited to Clause 17 in the Standard Conditions of Contract in form I.S.D. 12-B which appears to be sufficiently wide in its scope to cover the difficulties to which you refer.

A similar provision exists in other contract forms in use in this Department.

APPENDIX 88

Bombay Economic and Industrial Survey Committee, Bombay

Letter dated 29th May 1939, from the Secretary, Bombay Economic and Industrial Survey Committee to Chamber.

The Committee having completed their study of the facts relating to the economic and industrial condition of the province as disclosed by the returns submitted by their investigators and before proceeding to formulate their recommendations as to what policy the Government of Bombay should follow in the industrial sphere, feel that it would help them to meet your representatives and obtain their views on the subject. In particular the Committee would like to know from you your views on the following points and examine your representatives on those views :

1. What in your opinion, are the special difficulties which are suffered by cottage industries and small scale industries in the province ? Do you think these difficulties can be overcome by State action ? If so, what State action do you think it necessary for this purpose ?

2. What place do you give to the cottage industries in the economic structure of the province ? Do you think they should exist only to the extent to which they are able economically to compete with the products of machine-using industries or do you think they should be helped to survive even if they do not satisfy these conditions ? If your answer is in the affirmative to the latter part of the question, what kind of assistance do you think should be given to these industries ? Should the assistance take the form of subsidies or division of markets between machine-made products and the products of cottage industries or technical and marketing assistance to the cottage industries ? Quite apart from this do you think enough has been done to enable cottage industries to stand up against their rivals ? If not, what measures do you think Government could profitably take in this matter ? Please illustrate your answers by reference to the principal cottage industries of the province, such as handloom weaving, tanning, pottery, etc.

3. What is your experience about the assistance which industries have received from the activities of the Bombay Government during the last 17 years ? In particular how far do you think has the Department of Industries helped in the industrial development of the province ? Are you satisfied with the present organisation of the machinery by which Government hopes to promote the Province's industrial development ? If not, what changes would you think are desirable to make this machinery more efficient for the object we have in view ?

4. What kind of an industrial policy would you like the Government of Bombay to have from the point of view of—

(1) Cottage industries, small scale industries and large scale industries and the regulation of the relations among these three.

(2) The setting up of new industrial units in the province ; their location and the conditions to be imposed on their working.

(3) The nature of the assistance which Government should give to industries technical advice, industrial intelligence, marketing facilities and financial assistance.

5. It has been suggested to the Committee that one way of securing the survival of cottage industries is to form District Associations which will eventually embrace within the scope of their activities all the cottage industries in each individual district and which will supply them with the raw material that they will require and buy from them their finished products, the sale of which they will undertake. It is suggested that in the first instance, such associations be started only in three districts, one in each division of the province, and that, in the beginning these associations should be concerned only with the main cottage industries of their respective districts. It has also been suggested that for the successful working of such associations some measures should be undertaken for relieving the artisan from his debt to the middleman and provision must also be made for instructing the artisan in better technique and more up-to-date designs. Do you think that such an organisation will materially help the cottage worker ? Do you also think that with the help of such an organisation, the cottage industry will be able to compete on equal terms with machine-made products or do you think further assistance will be required by the cottage industries ? If your answer to the latter part of the question is in the affirmative, what further steps do you suggest for helping the cottage industry ?

6. Can you suggest any new industries that can be started in the Province ? If so, why have these industries not already come into existence ? What measures can Government take to facilitate their coming into existence ?

The Committee proposes to examine your representatives in the week commencing Friday the 30th June on a date that may be suitable to you. In order to give the Members of the Committee enough time to read your written replies to these queries, I shall be grateful if you will kindly send in the same to me by the 20th of June at the latest. I also enclose

herewith a copy of the terms of reference of the Committee for your information.

NOTE.—By a cottage industry is meant an industry in which operations are carried out by hand.

By a small-scale industry is meant an industry in which operations are carried out by power, and in which are engaged concerns, not registered under the Indian Factories Act of 1934.

Letter No. 1518, *dated 22nd June* 1939, *from Chamber to the Secretary, Bombay Economic and Industrial Survey Committee.*

With reference to your letter of the 29th May 1939, I am directed by my Committee to reply to the queries contained therein seriatim as follows :

1. My Committee have already given, in their replies on the detailed heads of enquiry in your previous list, information which they have with regard to cottage industries and small scale industries. They have also specified the cottage industries which once throve in the Province, but have recently gradually declined. The difficulties mainly met with by cottage industries and small scale industries may be summarised as follows :—

(*a*) Competition of large scale industries. The advent of the Machine Age has brought in a very strong competition for cottage industries and small scale industries. Since the advent of the British rule and the introduction of English education, the isolation of India from the rest of the world has been removed, and she has been brought nearer the forces working in the Western world, thus necessitating her adjustment to the modern conditions. The British Government established in this country was originally moved by a *laissez faire* policy, specially when it facilitated the creation of a market for British goods for the teeming millions of the country. If the import of British goods was thus facilitated, it naturally brought in its wake the downfall and ruin of *bona fide* Indian industries. Thus, the first difficulty in the way of cottage industries and small scale industries was, and is, the tariff policy.

(*b*) Recently there has been discriminating protection adopted by Government and it has, to some extent, served to protect the cottage industries and small scale industries ; but even then they cannot stand the competition from products of large scale industries, with mass production as their motto, and dumping heavily on this country, as Japan, for instance, has been doing. This peculiar difficulty of competition from large scale industries and mass production can be considered to be the second difficulty.

(*c*) The third difficulty is the systematic propaganda,—it may not be direct but at least indirect,—which has been going on in this country since the establishment of foreign rule, to direct peoples' minds to cheaper and machine-made products rather than to products which may be more lasting but are made by hand. The protection derived from the patronage of Government, both Provincial and Central, semi-official institutions like Port Trusts, Municipalities, etc., education in schools and colleges, frantic efforts made by the salesmen of foreign companies to popularise their products, —all these acted against cottage industries and small scale industries and in favour of large scale industries.

(*d*) Another difficulty was the competition from large scale industries started in this country itself, a difficulty which was perhaps even much greater. The Swadeshi spirit inculcated in the country and the Swadeshi movement based upon that, comprise within its scope not only the products of the cottage industries and small scale industries but also of the large scale industries.

(*e*) Change in the people's tendencies and inclinations, as also social customs and traditions, played its own part in weaning people from their attachment to cottage industries and leading them to the new large scale industries.

My Committee think that cottage industries and small scale industries should not be put together, as there is a difference of ideology between the two. While the cottage industries represent a distinct ideology of this country, the small scale industries may well be classed with the large scale industries, as both of the latter are the products of the modern

machine age. The only difference between the small scale and the large scale industries is that while the latter require big finance and are based upon the theory of mass production, the former require only a small finance, though they are run by machine all the same.

(*f*) The transport difficulty may be mentioned as another difficulty, which confronts the cottage industries and small scale industries. The Railway rates and freight in this country are not yet systematically arranged with a view to develop industries and specially industries like cottage industries and small scale industries. The rates and freight are fixed in such a way as to provide a long lead and big load, and neither the cottage industries nor the small scale industries can hope to satisfy these essentials laid down by the Railway companies before they give concessions in rates. Not only that, but the inland trade has been very much neglected, as has been admitted even by leading Government officials. The cottage industries and the small scale industries have been thus neglected, and they have not been able to tap the local market.

(*g*) There are the difficulties of finance also with regard to both. The village life has suffered to a great extent from the political and industrial conditions prevalent at present. There has been a good deal of emigration from the villages to the cities, and the necessary talent and necessary capital for fostering these industries and looking after them have been found consequentially absent from the villages. The lure of the towns and cities has taken away men and women from the villages. It has been a veritable vicious circle. The villages being denuded of their man-power and even the money-power to some extent, are left without industries and practically without any subsidiary occupations for them, and so long as such industries are not started the villages will not be able to thrive and prosper.

These difficulties stated above, can be overcome to some extent by State action. State action, by giving its imprimatur, makes popular cottage industries and can recognise them itself. It can also adjust railway rates and freight, as also help in providing proper finance. With a well-framed,

systematic and scientific rural reconstruction policy, the State can develop cottage industries or small scale industries in the villages. Thus, as the Mysore State has done, the villages can be provided with cheap electricity. This by itself will be a great step forward for the development of industries in the villages. A good water supply, a properly developed agriculture, and development of subsidiary occupations for the agriculturists, may all lead to the development of small scale industries.

2. My Committee are of opinion that the principal place in the economic structure of the Province should belong to large scale industries ; but that looking to the peculiar economic, political and social conditions of the country, there is scope for the cottage industries and small scale industries also. They are necessary to the country, but my Committee do not think that it is either practicable or advisable to give them the place of honour at the cost of the large scale industries. India has, rightly or wrongly, taken to industrialisation, and modern industrialisation means the expansion of large scale industries. Our political independence also will depend, in the opinion of my Committee, upon a proper, systematic and scientific organisation of large scale industries, and we cannot visualise a future for the country of any political independence, unless the country takes to modern industrialisation. Cottage industries and small scale industries are also necessary for the development of the village life, specially as the major part of the country's population stays in the villages. The Administrators of the country, therefore, whether in the Provinces or in the Centre, have to devote their attention to large scale industries, cottage industries and small scale industries, on the proper development of all of which depends the real progress and prosperity of the country. In the opinion of my Committee, the question of their competition with large scale industries does not much come in. If, however, efforts are to be made to develop them properly, it should not be in such a manner that there will be a very large activity and keen competition between their products and the products of large scale industries. In fact, my Committee consider that such a stage is not possible at all, and that cottage industries and

large scale industries can develop on their own lines without coming into conflict with each other. Besides the form of assistance suggested above for the cottage industries, my Committee consider that a subsidy may also well be given, and technical and marketing assistance should also be provided; though there need not be any difference between marketing machine-made products and products of cottage industries. My Committee do not consider that enough has been done to enable the cottage industries to stand up and develop. With regard to handloom weaving, tanning, pottery, etc., these will be developed by State action in the form of State patronage, State recognition, technical instruction provided by the State, and institution of Co-operative Societies or Banks to help them.

3. Our experiences or rather our information about the assistance which industries have received from the activities of the Bombay Government during the last 17 years, is that such assistance as was given was without any plan and imagination. This was partly because of the indifference of the Government itself, leaving the matter to the Director of Industries, who unfortunately sometimes took a keen interest and sometimes not, and partly due to financial bankruptcy. Further the position of a Director was often shifting, transferring one man from this position to another, at the sacrifice of 'continuity',—continuity ought to be the chief feature in a department of this nature. We however feel that some items like giving information to those who wanted some technical knowledge of the plan and visits to some places of industrial importance were made possible through the department. We have no knowledge if the department of industries ever made a strong representation to the Central Government on the menace of Japanese dumping and adverse effects of railway freights, which we are aware were great obstacles to the progress of small industries in the Province. The reports of the Director of Industries mention at numerous places such complaints as recorded in the preceding lines. Excepting the handloom industry and the Silver and Gold Thread industry, we do not think the Province has made any headway, looking to the period of the last 17 years, during which a lot could

have been accomplished by a department like the Industries Department.

So far as the present organisation is concerned, it must be noted that responsible Ministers seem to be very keen on developing the small industries of the Province. We have, however, so far received only one report, giving the activities of the Department under the new regime, and we feel that there is reason for hope under the present Government.

As far as the changes desirable to make the department a *sine qua non* for the promotion of industrial development of the Province, we strongly urge a thorough inquiry of the dead or dying industries which can be revived and which would pay economically even at this advanced industrial age. Such a step is possible, if the Department can maintain a research staff of able men and publish from time to time details of the location of an industry, the needs of the people, imports of such items from foreign countries and the possibilities of home production of those items at cheaper costs ; this may not be all. The Department should open a Commercial Bureau from where every little information could be made available to those who need such information. It is desirable further that the Government should depute some able men, every alternate year, to foreign countries, to study the technical aspects of industrial policy and to find out what particular use some of our raw materials are turned into, and if a similar process can be followed here for the progress and advance of our small scale industries.

4. (1) My Committee have already mentioned previously that Government should have a policy of developing large scale industries, cottage industries and small scale industries, and should not allow either the development of cottage industries at the expense of large scale industries or the development of large scale industries at the expense of cottage industries. In a country situate as India is, all the three sets of industries are a *sine qua non* of future progress, and we cannot afford to neglect the one and only look after the others.

(2) Setting up of a new industrial units has been upto this time more or less a haphazard process. No systematic

and scientific policy has been pursued either by industrialists or by Government, with the result that we find certain industries planted in regions where there was no particular scope for them. Thus, for instance, the failure of several glass factories has been directly due to this mistaken policy of setting up these factories in places convenient to the promoters but not suitable for the particular industries. There are so many factors, which have to be taken into consideration before an industrial unit is set up,—Cheap transport, availability of raw materials, good and ever-expanding market, etc.

5. My Committee are of opinion that the scheme as suggested of the formation of district associations to help cottage industries will be found suitable. At the same time, there have been co-operative societies formed to help the village industries with raw materials, or to help them with disposal of their products. The All-India Spinners' Association and its branches are all doing work in this direction. So far as the results are shown, cottage industries have not been benefited to the extent to which they should have been, through all these efforts, and my Committee consider that further efforts would be necessary if the cottage industries are to be really fostered and developed. The help must also come from the people in general with regard to their patronage. It is also a question, however, whether the public tastes can now be changed and whether the public can be induced to purchase products of cottage industries which may be costlier and which may not, sometimes, be as lasting as the products of large scale industries. As has been remarked above, by my Committee, there is no question, or there should be no question, of competition between cottage industries and large scale industries, and the cottage industries should only come in as supplementary to large scale industries and as opening out avenues of side-occupations to the people in the villages. The problems of debts of the artisans have been dealt with by the Provincial Governments with their different schemes of Debt Redemption.

6. My Committee observed, in their written statement before the Textile Labour Enquiry Committee, that there was

a great necessity of organising and developing anciliary industries to the cotton textile industry. At present millstores, comprising important items like healds and reeds, bobbins, shuttles, starch combs, pickers and picking bands, etc., have to be imported practically wholly from abroad. All these industries are started here and they are not still sufficient to satisfy the demands of the whole industry. If proper efforts are made, all these stores the imports of which amount to several crores of rupees can be manufactured locally and all the foreign imports can be dispensed with. Government can very materially assist by giving technical assistance and even financial help. Such industries, if properly organised, will change the face of the country, and will also indirectly help the cotton textile industry.

There are also a large number of other articles, which we import, but which can profitably be manufactured in the country. Toilet requisites, surgical instruments, drugs, chemicals, furniture, cutlery, toys, glass vessels etc., to name a few can be manufactured here in Bombay. Many of these mentioned above are as a matter of fact manufactured and more can be expected if further support is forthcoming from the Government as well as industrial magnates.

APPENDIX 89

National Planning Committee

Letter dated 5th January 1939, from the Secretary, National Planning Committee to Chamber.

I enclose under a separate cover a copy of the Questionnaire issued by the National Planning Committee. While doing so, I wish to draw your attention particularly to the explanatory memorandum attached to the Questionnaire.

It is not absolutely necessary that every Question contained in the Questionnaire should be answered. By limiting your answers to those questions regarding which, you have definite suggestions to make or information to supply, you will facilitate the task of our office.

Whenever replies relate to a Public document it would suffice, if reference is made to such material, and a copy attached as appendix, if such document is not easily accessible to the public.

It is necessary for our work to have more than one copy of your reply. You are, therefore, particularly requested to supply us with at least three copies of your reply.

The reply to the Questionnaire must reach the office before February 28, 1939.

Letter dated 1st April 1939, from Chamber to the Secretary, National Planning Committee.

Replies to Questionnaire on National Planning for India

1. Objectives and Requirements of National Economic Planning

(1) So far, no economic research, to determine an adequate standard of living, is carried for the Presidency as a whole—though of course some district investigations giving us an idea of the standard of living of farmers in some parts of Gujarat, Karnatak and Maharashtra are available. My Committee, however, think that basing their calculations on the per capita income of the country, Rs. 200 per annum should be regarded as a sufficient amount to guarantee an adequate standard of living. This standard, though not possible at this stage, can however become an accomplished fact very soon, if Government give adequate encouragement to small scale industries by way of subsidies, financing money, creating cheap and adequate marketing facilities, etc. The Committee think that the aggregate income of the country should be the measure of increase or decrease of such standard,—the purchasing power of the people of the Presidency being the chief criterion of determining such a growth in the standard of living.

(2) A planned programme of, say, 5 years, if carried vigorously in all directions which matter most in the increase or decrease of a national income should give us hope of guaranteeing the standard of living as mentioned above. There will be however extraneous factors, viz., the climatic condi-

tions, rainfall, etc., over which human agency has no control, and which may retard the progress of planning ; but, other things being equal, the Committee think that a scientific planning should entitle the people of the Province to attain the standard we have stated within a period of 5 years.

(4) The Committee think that the purchasing power and the volume of internal and external trade, should be regarded as the chief heads in defining the requirements of the plan, or measuring the standard of living, in formulating and carrying out the plan.

(5) For a success of a national plan, the chief factor that should weigh is, it appears, the political power to enforce the plan. In the absence of such a power, it is very difficult to say how far all units to make a plan a success would be available ; Railways fiscal policy and finance being the chief instruments to expedite any plan, and power over these is not under our control.

(6) Improvements likely to be needed for the proper development of all services and branches of industry or agriculture, are those that teach the farmer and the worker a more profitable method of working and trying to seek an increasing return from such methods. It is education we think in its respective sphere that would teach adjustability, efficiency and economy to the farmer and the labourer to get the maximum of production with the minimum of labour.

II.—Census of Production

It is unfortunate that no arrangement has yet been made in the country for taking a census of production in regard to all the branches of its economic activity. This will be an essential prerequisite of National Planning and arrangements should be made for Census, both Provincial and Central, of production in all branches of national economy.

IV.—Other Requirements of Industrial Development

(28) (*a*) It is unfortunately a fact that workers on small-scale industry do not reap the benefits of their labour, as they would otherwise do, if cheap credit facilities were made available to them. As an instance, the Committee would like

to point out a case of *mochis* in Dhulia (W. Khandesh), who prepare footwear of European type. These workers purchase leather on credit from the local leather dealers. The period of credit extends to 30 days, after which interest is charged at the rate of 7 to 10 per cent. Similar handicaps of credit facilities exist in Bijapur and Belgaum, for workers who prepare *saries*, when they have to purchase fibres on credit from moneylenders. The Committee think that a Co-operative Society of these respective Guilds would go a long way in improving the situation in credit facilities. Parola, Kasoda and Dhulia, for example have some Co-operative Societies which do business on a small scale. But an organised campaign to establish cheap credit facilities is the chief thing which the Planning Committee would do well to bear in mind, in improving the lot of workers on small scale industries.

(*b*) No less important is the problem of skilled workers. Many a project, in the past, failed for want of skilled workers in certain occupations. The absence of a Marine Biologist in 1922-23, e.g., in the fisheries department, stopped further progress in that direction, records the report of the Director of Industries, Bombay. My Committee understand that still no such Biologist has been appointed. There was no staff nor money to conduct the fish-oil experiment and the plant had to be sold by auction in 1929.

(*c*) The Committee do not think that there is any dearth of adequate supply of labour. It is a fact, however, that there is a lack of the right type of labour needed for particular occupations in industry. Taking an instance in the case of the textile or any organised industry in the Presidency, we find that the complaint of employers is not so much as an inadequacy of labour, as that of the right type of labour suited for the job.

(*d*) Marketing facilities in the Presidency are conspicuous by their absence. The only available facilities for dealers in cottage and small scale industries are the weekly Bazaars or annual fairs held at certain periods of the year. Yearly fairs held at certain towns and cities are also additional facilities when wares can be sold. Some marketing of materials like

fruits, baskets, nets, etc., is carried on Station platforms on a meagre scale. The Committee think that marketing organisation is one of the chief handicaps for the diffusion and proper advertisement of goods produced in different parts of the Presidency and they emphasise that some regular campaign to create demand for goods produced in small villages and towns should be carried, preferably on Railways, and at such other public places and thus make a clearance of the unsold stock.

In Germany, France, Russia and other countries, the Municipalities of these respective countries, loan money to encourage handicrafts and give preference to the local products over those of external handicrafts. This gives the workers incentive to produce goods with the certainty that they would not be required to travel from one place to another to vend their goods. Sale Societies as well can do a great deal for a good clearance of indigenous goods.

(*e*) In considering the internal economy of transport, it may be mentioned that the bullock-cart still holds sway over other means of transport. The motor transport facilities though quick and safe are handicapped due to seasonal difficulties and road problems. For perishable goods like fruits and vegetables, motor transport would be preferred to bullock-carts ; but the difficulty that the former experiences is from want of proper roads. Agricultural goods are generally carried by bullock-carts as well as motor transport. A co-ordination, however, of the two would go a long way off in making things easy and cheap in matters of transport.

As regards the question of railways, we have still to sing the same burden of their being expensive. The rates are heavier, facilities of wagons sometimes rare, sheds on stations conspicuous by their absence, indifference of traffic masters colossal—all these things render the railway transport problem very difficult. It is due to these reasons, that lately we find cotton bales coming from different districts of the presidency by means of trucks rather than railways. My Committee think that a co-ordination of Road-Rail transport is equally important as much as truck-cart transport is. In England, Italy, and

other Western countries, we find that lorry trucks take goods from shops and carry to stations, these contrivances being under the same management. Summarising, therefore, our views on transport problem in the presidency—the Committee think that a co-ordinating machinery under a Transport Board would mitigate much of the trouble of traffic facilities which would help the growth of industry, trade and commerce in the Presidency.

For further details on the question of marketing and transport, please refer to reports on "Irrigation Committee, 1938" and "Marketing of Fruits and Vegetables in the towns of Bombay, 1934."

(29) Such capital as is needed for industrial development in this presidency is available locally. To a large extent it has been supplemented by capital from Indian States; the rulers as well as the subjects of these States being well-known to finance industrial as well as commercial enterprises. Bombay is, however, known to finance heavily such enterprises; thus spinning and weaving mills in C. P. and Berar and coal, cement and glass industries at different places have all been started and largely financed by Bombay financiers. The same financiers have invested their capital in some of the concerns in Madras, Calcutta, U. P. and the Punjab.

Capital from non-Indian sources has also come in in this province. Non-Indian companies are showing an increasing proclivity to establish here and at other places and are flourishing well. Some of the Non-Indian concerns in the province are :—(*i*) A. E. G. (India) Electric Co., Bombay. (*ii*) Allen Brothers, Bombay. (*iii*) A. Hyland (Punjab), Bombay. (*iv*) Anglo-French Drug Co., Bombay. (*v*) Blackie & Sons (India), Bombay. (*vi*) Associated Electric Companies (India), Bombay. (*vii*) Corn Products Co., Bombay. (*viii*) Cosmos Engineering Co., Bombay. (*ix*) Craven Brothers, Bombay. (*x*) Filtrators, Bombay. (*xi*) Goodlass Wall Co., Bombay, Lever Bros. (India) Ltd., and many more. (For an exhaustive list of such foreign concerns, please see *Harijan*, September 3, 24, 1938).

(30) Institutions concerned in the mobilization, attraction and investment of capital are—banks, co-operative organisations, sowcars, industrial and joint-stock companies, etc. It is desirable to have industrial and agricultural banks in order to provide for the needs of industry and trade. Co-operative finance has proved woefully deficient for the purpose it has in view and the country today badly needs banking facilities. The Central Banking Enquiry Committee Report on page 129 gives rates of interest charged to cultivators by primary Societies, which are as follows :—

Name of Province	*Rate charged to the Cultivator*
Ajmere ...	... 9% to 12%
Assam ...	... 15¾% to 18¾%
Bombay ...	... 9¾% to 12½%
United Provinces	... 15%

The facts tell their own tale.

My Committee had been recommending to the Reserve Bank of India the need for arrangements to link the indigenous bankers with the Central banking system of the country. Without such a link and without the expansion and strengthening of such indigenous banking agencies, the question of rural finance cannot be solved.

(31) As far as my Committee are aware there are no regulations controlling the work of foreign capital in the Presidency.

(32) It is an acknowledged fact that industrial efforts in the Presidency are handicapped by the deficiency in technically equipped personnel. To remedy this state of affairs, my Committee have been suggesting the need for closer contact between institutions concerned in scientific research and industry. Such a contact is necessary if industry is to benefit by the fruits of scientific research. Progress with regard to textile and sugar industries is hampered by prohibitions imposed by Government and their indifference and in the case of the latter by an International Agreement which has denied India any export market (*Vide* reply 158.)

(33) There has not been any definite policy in regard to recruitment of foreign technicians and experts for purposes of industry. My Committee realise that in the initial stages of industrial development in the country the services of such foreign experts would be necessary. Such experts should be engaged under agreement with a view subsequently to their places being taken up by trained Indian personnel. As a matter of fact, my Committee had on more than one occasion urged upon the Government of India the desirability of taking steps to provide opportunities for Indian students for technical training in factories abroad.

(34) We have to admit that Indian labour is not as efficient as his counterpart in the West. This may be due to climatic conditions and appalling illiteracy. In so far as safeguarding the workers against undue exploitation by the employers is concerned, the Government of Bombay have recently enacted an Industrial Disputes Bill, which will soon be in operation. The present Government is making efforts in the direction of adult education which promises hopes of better efficiency in the labour. It is education, the Committee think, that will greatly fill up the gap of inefficiency of our labour, since modern machines require skill and adaptability, which are possible only in an intelligent labourer.

The factory legislation and the various labour measures consequent upon the adoption of international labour conventions are securing to Indian labour fair conditions of work.

(36) (*a*) Industries which receive protection from the Central Government :—

(1) Textile industry ;
(2) Iron and Steel industry ;
(3) Paper industry ;
(4) Gold Thread industry ;
(5) Seri-culture and Silk industry ;
(6) Sugar ;
(7) Magnesium Chloride.

(*b*) Financial help :—
Handloom industry.

(*c*) Cheap transport rates :—

(1) Cement, and (2) Soda Ash.

(*d*) The Government of Bombay has an Industries Department which provides some information on commercial matters ; also some technical experts render help when their advice is asked for. The Indian Merchants' Chamber also gives information on matters commercial.

(*e*) The V. J. T. Institute and the University School of Chemical Technology. There are other institutions which provide skilled technicians ; for names and locations of such institutions please refer to Appendix, Report of the Director of Industries, Government of Bombay. The number of such institutions is nearly 56 in the Presidency.

(38) See our answer to question 29. In this connection the Committee would suggest that such concerns which write " (India) Ltd.", should, by law, be compelled to write the name of the country where such a concern is registered, or the name of the country to which such a concern belongs.

The question of putting restrictions on such companies in the matter of shareholding, management, etc., may be considered. In any case, foreign companies should not be allowed to float companies in the country under descriptions " (India) Ltd."

(39) General Motors (India) Ltd., and the Imperial Chemical Industries and to a certain extent companies manufacturing aluminium products are, it is understood, part of international arrangements. The question of legislative restrictions on the activities of such combines will have to be seriously examined.

(40) There are two well-known instances of large scale industries having merged themselves into a combine. These two are—the Associated Cement, which is a combination of 12 companies working in different parts of the country, and the sugar syndicate working at Calcutta and Cawnpore.

With regard to cement, the Associated Cement Companies would have a monopoly, but recently a new concern, viz., the Dalmia Cement Company has been started and there

is a rate war going, between the A. C. C. and the new concern. Similarly with regard to sugar, it has not been possible to have a monopoly. The Deccan Works, which are not affiliated to the combine, create competitions ; not only this, but all such combines and monopolies have to work in the face of foreign competitions.

With regard to the consumer, the combines are not able to have their maximum price on account of internal and foreign competition, and the consumer, therefore, sometimes benefits at the cost of the industry.

As for labour conditions, industrial equipment and technique, it would appear as if the combinations in one has tended in the direction of improvement and progress for all of them.

V.—Agriculture, including Animal Husbandry

(41) In answering this question, we cannot take an isolated case of a Province but have to consider the situation of the country as a whole. Certain products which this Presidency consumes and which due to geographical conditions it cannot produce, have to be imported, while certain commodities which it produces in surplus are exported to different provinces. It is, therefore, a case which must be thought of in terms of India as a whole. It is true that on the whole the total agricultural production has outstripped population growth, but the margin is less in the case of aggregate food production, only 4% which is further reduced to 2.5% when we consider the food supply actually available for consumption. It is thus clearly evident that the food position of India is gradually becoming worse both with reference to the relative proportion of food production to mouths to feed and also with reference to the nutritive quality of the cereals.

(42) The staple articles of diet, which go out of the province are : wheat, bajri, jowar, maize, fish, groundnut oil, and some pulses ; articles which come in are : Rice, sugarcane, cereals, grams, ghee, etc. For figures of quantity and value of these commodities, please refer to the sea-borne trade records or the Food-Crop Report Government of Bombay.

(43) The area of cultivable waste and unassessed waste in the Presidency amounts to about 700,000 and 400,000 acres, respectively. So far no steps by Government have been taken to utilise this land. The interim Ministry was contemplating giving away this land to tenant cultivators for their use. The Committee would suggest that apart from giving this land to tenant cultivators, a portion may be partitioned to educated people, as has been done in the case of the Governments of the Punjab and Bengal.

As for the question of financing it at the preliminary stages, my Committee think that Tagavi loans for a period of 5 to 7 years, may be granted to tenants ; the portion to be cultivated by educated people, should be a State-managed concern.

(44) **Soil.** It is not that soil fertility in the Presidency has deteriorated, as is sometimes presumed. The low level of productivity of soil is due to the use of inferior soil along with the soil of better quality. Further the productivity in the Presidency appears for want of right type of manure and naturally the soil tends to give less and less returns. Drs. Clouston and Voelcker, subscribe to the same view as mentioned above.

Water supply. The question is fully and exhaustively discussed by the recent enquiry Committee appointed by the Government of Bombay on " Irrigation."

Manure. The absence of manure in soil for a number of years brings a decreasing return from the farm. It has more or less become the custom of the people in India to utilise cow-dung as fuel instead of being used as manure. Cultivators must be shown the use of nitrogenous manure and provided credit facilities and the returns are likely to be more from the soil that is manured than it would otherwise be the case.

(*d*) **Mechanical or Animal equipment.** For this, please see some of the recommendations of the "Irrigation Committee " referred to above.

(*e*) **Finance credit.** See some of our views given on Chapter IV.

(*f*) **Marketing.** Same as (*e*) above.

There are nearly 70 Marketing Societies in the Presidency. The details of these Societies are :

Cotton Sales Societies	28
Societies for :—	
Gul	1
Tobacco	1
Chillies	2
Mangoes	2
Paddy	1
Arecanut	2
Fruit and Vegetables	4
Eggs	2
Miscellaneous Produce	27
	70

(*g*) **Organisation of agriculturists.** This is a case which agriculturists themselves have to consider seriously. It is obvious that the collective credit of a group of agriculturists is bound to react more favourably on the credit terms offered by village moneylenders, than an individual agriculturist asking for a loan. Even the agriculturists themselves can form a Co-operative Society of their own and run their daily monetary business. Within a period of five years, if the Society is managed on sound lines, the results are bound to be successful in the end. The State must evidently take interest in educating the villagers in the principles of co-operation.

(*h*) **Excessive fragmentation.** The influence of sub-division and fragmentation, due to the disintegrating forces of family life, had been particularly rapid during the period 1903-1921. In most cases the rate was more rapid than that during the period 1886-1903. This process is likely to increase if the Women's Property Rights Bill becomes a law—for daughters as well. Another feature is that sub-division is particularly intense in tracts under paddy cultivation than

under cotton. In this Presidency, the average holdings are less than 2 or 3 acres, which makes effective cultivation impossible. Sir Chunilal V. Mehta, while moving the Small Holdings Bill, in the then Bombay Council remarked that the tendency was particularly noticeable in holdings of five acres and less. According to Dr. Mann, the average holding in the village of Pimpla Soudagar in the Poona district, the holding of 40 acres in 1771 came down to 7 acres in 1915. This shows that a bullock and a plough which can on an average cultivate a soil of nearly 10 acres now cultivates only 3 or 4 acres, and thus the cost of production consequently tends to increase. The state of fragmentation has therefore made cultivation uneconomical in a large number of cases.

VII.—Marketing and Commerce

(81) Articles of agriculture as well as products of industry which are imported in the Presidency, but which can be produced within the Presidency are :—

Sugar, oilcakes, cigarettes, carbon paper, stamping pads, toy motors, gas mantles, pocket torch lights, ink, tin boxes, metal capsules, wood screws and manufacture of cutlery, dry cell batteries, gramophone records, absorbent cotton and surgical instruments, celluloid toys, clocks and watches, chemicals, glass and glassware, leather and leather manufactures, stationery, toilet requisites, pulp for paper, Biscuits, Barley Waters, Quaker oats, Glaxo milk products and similar provisions, etc.

Information regarding articles which cannot be produced on a competitive commercial basis within the Province because of—either the heavy freights or dumping from outside is as follows :—

The Industries Report (1924-25) of the Government of Bombay writes "that the Satara Industrial Works, Ogale Glass Works, were finding great difficulty because of freight charges. The Magnesia Works, however, could not do work owing to formidable rivalry of the imported German stuff. Dumping had an adverse effect on the rise of glass industry in the Presidency." Progress in brush-making stopped because of

heavy freights (Report, 1925-26). Gold and Silver Threads suffered from the same disability of freights. Manufacture of Clocks and Time-pieces suffered as well as manufacture of false pearls and glass beads, declined due to Japanese competition.

The Government of India ordered an enquiry in regard to the conditions of the small industries as a result of foreign competition particularly Japanese competition. After creating hopes in such industries, the enquiry was abruptly dropped without any action being taken. The difficulties of small industries should be investigated and studied and adequate action taken by the State for obviating such difficulties. The high price of essential materials for industry is also one of the causes standing in the way of rapid development. Particular attention must be paid in regard to conditions for obtaining foreign manufactures which are competing with Indian industries. Financial assistance, subsidies, transport facilities, manipulations, etc., by which exports of foreign industries into this country are facilitated, are matters the effects of which will have to be counteracted by suitable action at this end. In short, it should be seen that where Indian industries are struggling from the effects of foreign competition, such competition is only under fair conditions.

(82) Cotton can be regarded as a partial monopoly of the Province. The total area under cultivation for cotton in the year 1935-36 was 4,163,000 acres, while in 1936-37, the area showed a decline by 449,000 acres, amounting to 3,714,000 acres ; the total cropped area in the Presidency in 1935-36 and 1936-37 being 29,373,000 acres and 29,171,000 acres, respectively. It is not that the whole product cropped from the area is consumed by the province. Nearly 166,214 yards of cotton cloth manufactured in 1937 was exported from the province of Bombay ; the value of cotton twist and yarn exported from Bombay amounted to Rs. 135.5 lakhs in 1937-38.

From the history of the trade development in various countries of the world, we find that the changing situation in world economy compelled manufacturers to change their methods of sale. From a hawking process in the streets of

towns and cities in the past, today, the situation is that the old methods have been supplemented by the employment of trade commissioners and enactment of trade treaties. The Government of Japan makes available banking facilities to the traders outside the country and thus gives the merchants loans from the Bank when emergencies arise. Dumping process is too well-known with the manufacturers of Japan.

India can well and with profit follow some of these methods. As regards Trade Commissioners, the Government of India has so far appointed only 8 such Commissioners in different parts of the world. A trade drive by means of exhibitions and emporiums also would greatly augment the trade of the Province and thus encourage industry.

(75 and 86) Co-ordination of Labour legislation, co-ordination of Excise legislation as in the case of Pharmaceutical industry and adjustment of freight conditions so as to facilitate movement of goods from the manufacturing centre to the consuming markets, etc., are matters which will help the development of internal trade and industry.

(87) In regard to Trade Treaties it should be laid down that the Government of India should enter into such treaties only after the scope and terms thereof have been approved by the important commercial bodies and the legislature.

VII.—Transport Facilities

(91) Road transport facilities are under the control of the Provincial Government. Railways and Airways are outside the control of the Provincial Government. Tramways, buses, etc., are under the Provincial Government and are regulated by a Municipal Act.

(92) Existing facilities are not adequate for the purposes of goods or passenger traffic. In the remote corners of villages, roads are in the most dilapidated condition and goods and passenger traffic is much handicapped due to absence of passable roads. For further information on road disabilities, and their consequent effects on bullocks, please refer to Jaykar

Committee Report. At certain places the absence of bridges is a great handicap for cheap transport.

(93) The Mitchell and Kirkness report says that the length of metalled roads in the Presidency proper is 9,400 miles, leaving the States ; the total mileage in the six districts of Kolaba, Ratnagiri, Poona, Ahmednagar and Sholapur being 627 miles. The Government of Bombay has under preparation a scheme to increase the mileage by constructing a metalled road from Bombay to Ahmedabad. In the budget estimate for 1937-38, the Government of Bombay had made a demand for the construction of Roads, to the tune of Rs. 2,23,000 and it was sanctioned.

Northern Division	.. ..	Rs. 92,000
Central Division	.. ..	„ 146,000
Southern Division	.. ..	„ 85,000
		Rs. 2,23,000

The Public Works Department and the Local Boards have as well a scheme to improve and enlarge this strength and are endeavouring to provide an efficient supply of road service throughout the Province.

(98) The total railway mileage in the Province, of all gauges, is 2,537 miles ; 1,427 miles being of broad gauge, 804 miles of metre gauge and 270 miles of narrow gauge. Tramways and buses do, however, supplement the passenger as well as goods traffic. Railway rates charged to goods are out of proportion to the burden that commodities can bear to continue their existence. In this connection, we invite the attention of the Planning Committee to our answer to Question No. 81, where it would be found that many a provincial industry declined or died due to disproportionate freight rates on local manufactures.

(100) (*a*) On numerous occasions, the Committee have made representations to the Government of India on the question of railway freights, pointing out to them how the freight policy pursued by the Government of India favouring movement of imported goods from ports to market centres

for all these years has had an effect of either killing indigenous industries or diverting the trade of the Province to different places. In recent years (1933-38), the Committee made representations to the Government of India on subjects like reduction in freights, for cotton, rice, tobacco, C. P. coal, coconut oil, grain and seeds, oil crushing industry, etc., etc.

(101) The Committee have no material to quote exactly the cost of transport by road and rail, but from the Mitchell-Kirkness report we find that the G. I. P., B. B. & C. I. and M. S. M. Railways lose annually their traffic, in the Presidency of Bombay, due to bus competition by about Rs. 18 lakhs. This is not to say that the freight by rail is costlier than it is by bus in all cases and the only cause for such a loss, but it may safely be maintained that one of the causes of this deviation of traffic from rail to road, must be the disparity of rates between the two means of transport. That the cost of transport by rail has affected the industries in this Province and in others is amply borne out in the various reports of different Commissions and Committees industrial, railway, fiscal, irrigation, etc., etc.,—appointed, either by the Central Government or the Provincial Governments, from time to time. As regards traffic by water versus rail-road, the rates of the former change according to seasons, and there is no absolute uniformity in rates charged on water.

No. 104 : **Traffic.** There are a number of small workshops which manufacture hoods and bodies and repair motor cars, bicycles, etc. In many villages in the Province, a large number of carpenters make bullock carts, ploughs, agricultural implements, and such other instruments required by the village farmer for his agricultural economy. There are industries and individuals engaged in building roads, bridges, tramways, etc.

There is no shipbuilding industry in the Presidency, as far as our information goes, excepting the construction of small boats, launches, etc., in Bombay.

(108) See answers to questions 8 and 104 above.

XI.—Finance

(134) Means available for financing the existing large scale or small scale industries are either the Joint Stock Companies or proprietary concerns. Government subsidies in some cases are available, e.g., tanning and fishing industries. Some contribution is available to the hand spinning and weaving industry from the All India Spinners' Association and the Government.

(*ii*) Means for starting new industries are Joint Stock Companies by way of share subscription or debentures.

(*iii*) Government or Municipalities help workers carrying on business in cottage industries by giving them subsidies or purchasing their output when ready for consumption. The hand-made paper industry, tanning industry, weaving industry can be subsidised by Government and the finished products purchased when available for use.

(*iv*) Repairing electric bulbs, automobiles, radio instruments, etc., are financed by proprietary concerns or partnerships.

(*v*) To an extent the co-operative societies have financed agriculturists for the improvement and development of agriculture. The moneylender or the village sowcar as well, has his quota in financing the peasants.

(*vi*) Exploitation of forest resources has not so far been adequately undertaken by Government.

(*vii*) Agencies as at present financing the transport and communication services are the Government, Local Bodies, Municipalities, etc.

(*viii*) Education, Sanitation, Insurance and Marketing are financed either by Government, Municipalities, Local Boards, Charity concerns, or by donations from individuals, interested in any of these matters.

(136) Banking facilities in the province are inadequate, from the point of view of attracting capital. The Post Office Savings Banks which could attract a large amount of capital are not available to a great number of villagers and industrial

workers. The ignorance and illiteracy of village people are additional handicaps in their way to utilise the meagre facilities to invest a little surplus. As for improving the present system of Banking in order that it may help the agriculturists and labourers, some of the suggestions made in this connection by the Agricultural Commission and Labour Commission may be adopted with advantage.

(138) The autonomous Provincial Governments can directly and indirectly share a great deal in encouraging industries in the provinces. Public opinion generally favours a situation where the State has a part to play. This has been evident from the ready response people gave when loans for Railways and irrigation works were raised. Where it is a case of a concern which promises bright future, but cannot materialise itself, the State should step in and finance such a concern by purchasing shares or raising loans, thus making the project a success. The examples of States like Mysore, Travancore, Cochin, should be sufficient instances to strengthen our argument that the State should take initiative in starting large as well as medium size industries. The Coconut-oil industry in Travancore or the Soap industry in Mysore would not have reached the stage it has done, had it not been, for the active help rendered by the Governments of these respective States. In the West, too, similar experiments were carried and the results have been that the industrial output and per capita income have increased.

INDUSTRIAL AND COMMERCIAL STATISTICS :

(146) There are no such organisations or institutions solely devoting themselves to the compilation or collection of Statistics on different problems of provincial economy. The Labour Office of the Government of Bombay, the University School of Economics, the Millowners' Association, the Bombay Chamber of Commerce and the Indian Merchants' Chamber, however, publish from time to time some literature on either Labour problems, or general economic conditions or commercial questions, if and when such occasions arise. It is regrettable

that no statistical department exclusively devoting itself to all the problems enumerated in the question exists in the Province ; the need for such an organisation cannot too adequately be emphasised at the present juncture.

(147) My Committee hesitate to pronounce a judgment on the accuracy or otherwise of the information contained in the reports, bulletins, etc., published from time to time by either the Central or the Provincial Governments. We must, however, mention here that they are never up-to-date. Such reports or publications as we receive, contain information which is invariably out of date to the situation in existence. A greater promptness in issuing such reports would be a great help to assess problems dealt in such publications. The reports are certainly of interest to all those who stand in need of collated information.

(148) The Committee have nothing to add any further than is contained in our answer to Question 146. Recently the Employers' Federation issued some pamphlets on labour and the Indian Merchants' Chamber issued about half a dozen brochures on different aspects of labour—factory as well as office employees,—one including on the "Indianisation of Services,"—under its Social Science Intelligence Series. The Committee think that a Provincial Statistical Bureau may well be established, to be financed by the commercial and industrial community as well as the Government to disseminate information on all such problems as affect the economic well-being of the Province.

(149) So far, to our knowledge, the University School of Technology is the only institute of its kind, which disseminates information concerning new discoveries, patents, inventions, etc., through certain articles appearing in the University Journal of Bombay.

The Committee feel that studied papers should be read by Experts who clearly follow such discoveries and thereby make intelligible the information to industrial and commercial associations.

(150) A Quarterly Journal be started by the University which would give co-ordinated information of such new discoveries or patents available here in India as well as abroad.

XV.—Inter-Provincial Economic Relations

(157) Industries and other forms of production which compete with corresponding industries in other Provinces in India are :—

Cotton, sugar, wheat, cement, glass, steel furniture, chemicals, paper, raw silk, etc.

Similarly industries which suffer from foreign competition are :—

Cotton, glass, celluloid toys, toilet requisites, silk (raw and manufactured), leather, lac, chemicals, surgical instruments, etc.

(158) In the case of cement and sugar manufacture, the enterpreneurs have formed into a merger, but lately a new concern in cement is trying to compete with the Associated Cement Companies. In the case of sugar industry, efforts are still going on to check over production. So far neither the Central nor the Provincial Government has taken any steps to check any inter-provincial competition. However by the International Sugar Agreement India has been denied any export-market for Sugar.

(159) The best way to eliminate any unfair, undesirable or uneconomic competition between provinces in the production of the same form of material, is to localise an industry where land, labour, geographical conditions, raw materials, power supply and above all marketing facilities are cheap and easy. The cost of production in the presence of such a situation is likely to be lower than if every province tried to produce goods, which would necessarily mean higher cost of production. Localisation of an industry is the best solution from the point of view of the consumer as well as the producer.

(160) For the first part of the question, see our answer to Question 29. The Province of Bombay will be prepared to

share its contribution to any promising concern, that would be of use to the whole of India, apart from its being advantageous to the Province.

(161) In these days of inter-provincial and international competition, it is desirable—nay imperative—that a preliminary survey of the existing factors of production in the country be made, so as to avoid any waste or friction within the provinces themselves. In this connection, we entirely associate ourselves with the suggestion made by Sir M. Visvesvaraya in his *Planned Economy* pages 73-74 for the purposes of a thorough investigation of the factors of production for organising large scale industries. The fact that there are ample resources for undertaking large scale industries will be borne out from the opinion of an expert like Mr. Robertson Taylor. Mr. Robertson observed :—

> "India possesses in abundance all the conditions natural for a great industrial future and unless the country in the years to come can provide a wholly unprecedented industrial development, the level of subsistence of the country which is now dangerously low will become much worse."

The Committee think that a planned programme on the lines of an All India basis should be the only constructive way how industries in India can be profitably organised.

XVI.—Miscellaneous

(165) Old and indigenous cottage industries carried on by non-agriculturists are :—

(1) Iron agricultural implements making
(2) Wooden do.
(3) Cart making
(4) Carpentry
(5) Tanning
(6) Shoe making
(7) Leather articles making
(8) Tile making

(9) Wire drawing
(10) Gold, silver and other metal ornaments
(11) Wooden and Horn comb making
(12) Cotton dyeing
(13) Carpet making
(14) Woollen blanket making
(15) Oil pressing
(16) Grain grinding
(17) Calico printing
(18) Handloom weaving
(19) Brass and Copper wares
(20) Paper making

Many of the above mentioned industries have either died out or been abandoned. Due to the industrial revolution in England in the fifties of the last century, and the availability of easy and cheap communication, the village economy in the country is replaced by an international market; competition from foreign countries and freight anomalies are additional factors for the extinction of many of the cottage industries in the Province. To revive such industries, as would enable certain families in the Province to eke out their living, the State must subsidise those that have still some market. The Gold and Silver Thread and ornament industry, e.g., should be revived by granting a little subsidy, to serve as capital to those workers who were formerly maintaining their livelihood. There are many such industries which can profitably be revived if some co-operative sale and purchase institutions are organised in districts and at Taluka towns.

(166) There are a large number of articles which we import, but which can profitably be manufactured in the Province. Toilet requisites, surgical instruments, drugs, chemicals, furniture, cutlery, toys, glass vessels, etc., to name a few can be manufactured here in Bombay. Many of these mentioned above are as a matter of fact manufactured and more can be expected if further support is forthcoming from the Government as well as industrial magnates.

Letter dated 7th March 1939 from the Secretary National Planning Committee to Chamber.

I enclose, under separate cover, a supplementary questionnaire,* prepared by Prof. M. N. Saha, a member of the Committee. It is being issued at his request in order to bring out and ascertain further facts and opinions.

It is not absolutely necessary that every question contained in the questionnaire should be answered. By limiting your answers to these questions regarding which you have definite suggestions to make or information to supply, you will facilitate the task of our office.

Whenever replies relate to a public document it would suffice, if reference is made to such material, and a copy attached as appendix, if such document is not easily accessible to the public.

It is necessary for our work to have more than one copy of your reply. You are, therefore, particularly requested to supply us with at least three copies of your reply.

Your reply to this questionnaire may kindly be sent so as to reach me on or before April 11, 1939.

Letter No. 1202, dated 17th May 1939, from Chamber to the Secretary, National Planning Committee.

With reference to your letter of the 7th March, I am sending to you herewith 10 copies of the replies of my Committee to the Supplementary Questionnaire.

Replies to the Supplementary Questionnaire on Natioinal Planning for India.

I. Manufacture of Goods at Present Imported

Attempts have been made in this country off and on to manufacture, among others, the following articles :

1. With regard to arms and ammunitions and military stores, my Committee are not in a position to say anything.

* Questionnaire not printed.

2. Asbestos.
3. Belting for machinery (*a*) to (*d*).
4. Bristles and fibres for brushes.
5. Brushes and brooms, all sorts.
6. Building and Engineering materials (*a*) to (*e*).
7. Buttons of all sorts, metal and non-metal.
8. Candles of all kinds.
9. (To be ascertained).
10. China Clay.
11. Clocks (but no watches).
12. Cutlery (*a*) and (*b*).
13. Drugs and medicines (to be ascertained).
14. Dyeing and tanning substances (*a*), (*b*) and (*c*).
15. Earthenware and Porcelain.
16. Electroplated ware.
17. Fire works.
18. Glass and glassware except (*f*) and (*g*).
20. Graphite crucibles.
21. Gums and Resins (*a*) to (*f*).
23. Hardware (*a*) to (*l*).
24. Instruments, apparatus, etc. (to be ascertained).
27. Matches.
31. Paints and painters' materials.
32. Paper and pasteboard (*a*) and (*c*).
37. Soaps.
40. Stationery (*a*) and (*b*).
41. Tallow and Stearine (*a*) to (*c*).
42. Tea chests.
43. Textiles (*a*) to (*f*), excepting (*e*).
44. Tobacco (excepting for pipes).
45. Toys and requisites for games and sports.
46. Umbrellas and umbrella fittings.
47. Vehicles, excepting motor vehicles, e.g., cars, vans, lorries, cycles and wagons and locomotives and ships.
48. Wax.

While on this, my Committee may be allowed to point out that the list of articles specified in Table I follows the list of articles separately recorded in the Seaborne Trade Returns.

These returns, however, are not complete, inasmuch as many articles, information about which is important from the point of view of industrial development in the country, are not separately recorded in the trade returns. For instance, there are a number of items of stores for the textile industry such as healds and reeds and combs, etc., which are imported in good quantities. But this information is not recorded in the trade returns, with the result that there is no statistics available of the exact demand in the country at present being met by imported sources.

My Committee are mentioning this, so as to point out that in examining industrial prospects or in examining the result of past efforts in respect of different industries, the list of articles imported as given in the Seaborne Trade Returns will not be a complete guide inasmuch as the said list does not, in many cases, record figures of imports separately.

2. The Departments of Industries have issued press notes time after time, drawing the attention of the public to the different industries which may be started or which stand in need of further development and organisation, though their efforts in these directions are not as active as required.

II. Failure of Indian Industries

3. The industries which have been started here and which have failed on several occasions are matches, glass, electric bulbs and dry batteries, gas mantles, wagons and locomotives and earthenware and porcelain.

Matches. This industry was attempted on several occasions and several factories were started, but ultimately many of them had to close down on account mainly of the foreign concern which has established its factories here and killed the indigenous industry. Before this foreign concern was established here, a good measure of protection had given hopes that the match industry would be organised and run satisfactorily by Indians themselves, but after the protective measure came the foreign concern.

One mofussil enterprise started on insufficient capital, applied for financial assistance and it was refused. (Report 1919|19.)

The scheme for pottery bricks, tiles and teapots on a semi-commercial scale was sanctioned during the year, but owing to the provision of funds being doubtful, the plant required could not be ordered. (Report 1921|22.)

Due to retrenchment by Government the Fishery work had to be given up. (Report 1921|22.)

Owing to financial stringency the Weaving Institute and the new Demonstration School for Gujerat and Sind had to be closed down. (Report 1922|23.)

The Magnesium Works could not do much work owing to formidable rivalry of the imported German stuff. (Report 1924|25.)

There was neither staff nor money to conduct the fish oil experiment, the plant had not been used for years and it was finally sold by public auction. (Report 1928-29.)

Due to high freight rate the industry (glass) could not prosper. (Report 1930-31.)

The factory for the manufacture of false pearls and glass beads which was started was closed down owing to Japanese competition. (Report 1932|33.)

Soap, vegetable products, shoe polishes, etc., could not stand Japanese competition and the industries dwindled. (Report 1933|34.)

With regard to glass the history of the industry has been the history of several tragic failures. There are still some factories working, but the industry cannot be said to be a thriving and prosperous one. The industry can be made one of the big industries of the country looking to the vast requirements of the large population here. Unfortunately, however, it has not been possible to do so.

4. (*a*) to (*i*). All these causes are either singly or cumulatively responsible for the failure of the afore mentioned industries.

III. Quality of Products of Indian Industry

6. Indian products compare fairly well with the imported goods. Some of the articles like soaps are as good as the imported goods. In textile, it can be fairly said to have beaten down the imported articles. At the same time with regard to manufacture of drugs or paints and other materials or toys, paper and pasteboard, glass, earthenware and porcelain, our articles cannot be said to be as perfect as the foreign ones, and efforts appear to be necessary both from technical and economical points of view to improve the Indian products.

VI. Protected Industries and their Part in Industrial Development

17. Industries which have been enjoying protection from the State are :

(*i*) Iron and Steel.
(*ii*) Sugar.
(*iii*) Paper.
(*iv*) Textile industry.
(*v*) Goldthread industry.
(*vi*) Seri-culture and silk industry.
(*vii*) Magnesium chloride.

18. My Committee are not in a position to give any definite information on this point, so far as the iron and steel industry is concerned. They, however, wish to point out that some information on the question of sugar industry in the utilisation of molasses can be found in Mr. M. P. Gandhi's volume on Sugar Industry. (Pages 116-120) (1937.)

19. (*a*) & (*b*). The Central Government have not taken any definite steps to impress on the industries enjoying state protection that they must devote their time, energy and facilities in developing attached and allied industries.

20. An effective co-ordination of the agencies mentioned in the questionnaire should prove a great asset in the furtherance and progress of the industries in this country. With that end in view provincial advisory bodies should be established where representatives of these respective institutions should

discuss and decide problems of commerce and trade. Such provincial bodies should, in turn, have each of their representatives on a Central Body to be formed to avoid friction and waste, and thus to ensure a healthy co-operation.

VII. Key Industries

21 & 22. We agree with the definition as is given, but would like to add something more. The list as given in Appendix 2 should include optical lenses and instruments and apparatus of cameras. These things are essential for the safety of the country. It may, in passing, be mentioned that these items are included in the key industries in the Act which was passed in England in 1921, called the Safeguarding of Industries Act.

25. Yes.

26. It is a bad analogy to suggest that funds to start or organise an industry be raised in the same way as they are in the case of several public causes which celebrate their jubilees. It is true that such jubilee celebrations get money for these causes, but it must not be lost sight of that such public causes are considered as charity and the public part with their money, generally in small cash, to help these charities. The case is entirely different with an industry, which is looked upon the public as capitalist enterprise, and any such appeal for collection of funds, as is made for jubilee celebrations, would not be considered proper for an industry ; nor would it bring funds. Because of this, my Committee would not favour raising funds for starting key industries in the country in the same way as funds are raised for charitable causes.

VIII. Indian Competence in Technical Matters

27. This prejudice against Indian youngmen that they cannot do much in industrial and technical lines is an unfortunate inheritance from the past. With the advent of British rule in India, attention was paid only to such education as would turn good clerks, and technical and industrial instruction was relegated to the background, as, forsooth, India was merely to be an exporter of raw materials and had

to rest content with such products manufactured as she got ready made from England and other foreign manufacturing countries. It was a vicious circle that whenever claims of Indians were put forward for being employed in the higher posts in Railways, Railway workshops, Posts and Telegraphs, etc., etc., they were turned down with a ready retort that Indians had not taken to technical instruction and that they were fighting shy of working with their coats off. As a matter of fact, a revolution in the mentality of the youngmen of India had taken place years before and they were ready to do physical work of whatever sort and character if called upon to do so. Thus a tradition however was set up declaring that Indians were not taking to physical work kindly and they were not therefore fit for being employed in higher posts in any department which required physical work. We may quote here the opinion of the United Provinces Unemployment Committee :

> "The Director of Industries, Bengal, writes that even M.A.'s and M.Sc.'s are available for vocational occupations. . . . This completely dispels the doubt about educated youngmen adopting industrial careers and invests the scheme with additional importance as a method of helping the solution of the acute problem of unemployment in the Province. This in itself is a great achievement, the importance of which cannot be exaggerated."

28. It is the same obsession referred to above which is responsible for such a preference being given to raw foreigners over experienced Indians. It is a defeatist complex which has been the governing factor in such matters. We have been trained to think, and we got used to think, that Indians cannot be efficient workers in technical line. This has now been given a lie to by hundreds of Indians who have shown their full capacity and ability for working as experts in all technical and industrial matters. And yet the obsession persists. The best course to remove it is to give every available posts to Indians.

29 & 30. *Vide* our answers to Questions 27 and 28.

31. We have already sent out hundreds of youngmen to foreign countries, who have returned with full qualifications ; and yet even these men are given a go-by when the question of appointments comes up and raw foreigners are preferred. My Committee are not opposed to sending out youngmen to foreign countries. In fact they would like that such youngmen should continue to be sent to foreign countries ; but absence of foreign qualifications is not the reason why Indians are not preferred. It is a set prejudice against them, and to remove this prejudice, all the Provincial Governments must now take the lead and must give preference to Indians for all their technical and industrial departments. Even all our industrial and technical manufacturers should give preference to Indians in their employment and the Provincial Governments specially should refuse to help such factories unless Indians are employed. Exceptions may be made only in cases where no Indians are available.

IX. Foreign Technicians and Experts

32. Yes.

33. Proper circumspection and utilisation of the services of the High Commissioner for India, assisted by a Body of Indians residing in England, who might select good and reliable experts. As my Committee have already said above, these experts should however be appointed only in cases Indians are not available or in cases their presence here is absolutely necessary to start and organise any industries.

34. Yes.

35. Yes.

36. The information will be available from the Governments themselves.

37. We think that it is preferable that foreign experts should be placed under some Indian heads. We have in view several big manufacturing concerns who have adopted the same policy. They get good foreign specialists and experts ; but they have got a policy that the heads of the departments

and organisations should always be Indians. My Committee believe that this is the case even in Japan and other countries, which have tried to utilise foreign talents for the development of their industries.

X. Technical Training

38. The information can be supplied by the different Governments, various Universities and firms like the Tatas, who have been helping Indians to go to foreign countries with the help of grants or loans.

39 to 42. My Committee find that there has been a great difficulty in getting these foreign trained Indians admitted in foreign factories and workshops for training in various processes. In fact, for the last several years, my Committee have been approaching the Government of India, with repeated requests that arrangements should be made with the firms with which contracts of Governments are placed that they should agree to train up a particular number of Indians in their factories or workshops before any contracts are placed with them. As a matter of fact, so far as my Committee are aware, such a course is now accepted by Governments, Central and some of the Provincial Governments, and efforts are being made to get Indian students admitted in the different factories and workshops with which orders of the Government are placed. The Report of the India Store Department, London, for 1937-38 says that there were certain difficulties in Indian students getting admission to different branches of industries. Out of 102 students who were given the facilities, it was found that in 13 cases the facilities were not made available to them. (For further details see Report of the Indian Store Department, London, for 1937-38).

43 & 44. These questions will best be answered by the Governments.

45. Yes; we do.

46. My Committee are afraid that the various Governments have not done so. Upto recently, it was practically foreign governments which were in charge of the Provinces,

and they perhaps thought it no part of their duty to train up Indians in the way suggested. Now that all the Provinces are in charge of popular Governments, we may expect them to take up this matter seriously with a view to giving training to Indians to qualify themselves for helping in the promotion of key industries.

47. Yes.

48. The employers more or less enter into contracts and make agreements with youngmen they are sending abroad that they will be retained in their service for a particular length of time and on a particular scale of pay on their return. Such contracts are, as a matter of fact, actually made by several manufacturing firms, as also by Government departments and Indian States, with benefit to both parties.

XI. Technical Assistance and Industrial Research by the State

49. As far as my Committee are aware, assistance from Government, either Central or Provincial, in this direction has been little, if any. As a matter of fact, it has often been the complaint that the State has not been taking sufficient interest in industry. My Committee have often been pleading for an active contact between industry and research so that industry may benefit by the results of scientific advancement. This is a matter which will have to be actively pursued in any programme of industrial planning.

50. My Committee are not aware of the amount and quality of the assistance given by Governments, both Central and Provincial (by Provincial Governments, we mean the governments which were in charge upto June 1937). The failure was due both to the policy of Government and the defective machinery of giving such assistance and the wrong type of men put to run it. As to the improvements we would suggest that full provincial autonomy should be given and full responsibility must also be given at the Centre; the Central and the Provincial Governments must find out the best machinery for giving help to the industries and must

also see that they put the right type of men to administer such help and assistance.

51. My Committee are aware of the existence of many of the institutions named in the question, but it is very difficult to take out a balance sheet with regard to the merits of each institution.

52. *Vide* our reply to the above question.

53. So far as my Committee are aware the information on which this question appears to be based is not fully correct. It appears that some correspondence is going on from the Federation office on the subject.

54. (Not to be answered).

55. Yes.

56. Yes.

57. Yes. As my Committee have repeatedly emphasised, there must be co-ordination in the industrial and scientific policies of the various Provincial Governments, and if such a co-ordination is secured, a similar co-ordination should also be secured with regard to these institutions as there is a likelihood of duplication and triplication and even more of work at present, and thus there is a waste of effort, time and energy as also of money.

58. The Provincial Governments should be in charge of the policy of working these institutions and an Advisory Body appointed by the Provincial Governments should be in charge of its technical development and subsequent checking.

59 & 60. (Nil).

61. Yes.

62. Yes.

63. It is more or less a question of finance. The Provincial Governments should see that such research workers continue in their work by providing sufficient funds. Industrial magnates of the Province may also help in providing necessary funds. Industries like the Cotton Textile industry,

Cement, Glass, Iron and Steel industries may well provide funds for keeping such research workers busy and satisfied.

64. It would be better to do so.

XII. Standardisation

65. Yes.

66. Yes.

67. Yes.

68. Yes.

69. Yes. It may be mentioned here that some years back the late Prof. Gajjar put forward a scheme before the Bombay Millowners' for setting up an independent Laboratory with their help. Such a Laboratory would have been greatly useful to the whole of the industry. Unfortunately, this scheme could not be put into effect.

(158) My Committee do not think that it is not in the interest of the nation to have regulation or control of competition. If the different Provincial Governments co-ordinate their activities with regard to labour legislation, their policy with regard to Excise and with regard to their Stores Purchase, there will not be much danger of giving rise to separatist tendencies and inter-provincial rivalry. Much depends upon the leaders of trade and industries and it is desirable that inter-provincial rivalry and separatist tendency must be cut down and controlled by institutions like the Federation of Indian Chambers of Commerce, as also by different provincial Chambers of Commerce, all of which should unite and cultivate an all-India spirit. My Committee are not in favour of the Provinces being allowed to impose inter-Provincial customs duties, as this will lead positively to separatist and fissurous tendencies.

(152) It is desirable to have some such sort of a "Brain Trust", consisting of scientists, economists and industrialists, as a help to the industries. My Committee are given to understand that a Brain Trust appointed in U. S. A. has failed; but there is no reason why it should fail here, and even if it failed it may do some service.

APPENDIX 90

New Insurance Act and Reduction in Fire Insurance Tariff

Letter No. 1924, *dated 24th July* 1939, *from Chamber to the Secretary, Indian Insurance Companies Association and the Fire Insurance Association.*

The new Insurance Act came into force on 1st July 1939 and from that date insurers and agents are prohibited from the payment of rebates to the policyholders. The stoppage of such rebates, while it may mean a reduction of expenditure incurred by insurance companies in procuring business, had, at the same time, the effect of increasing the cost on account of insurance to merchants and businessmen. In regard to Fire insurance particularly, the policyholders were being given rebates in their premium upto even 40%. The expenditure on account of Fire insurance premium of merchants and businessmen will, therefore, be increased to that extent. My Committee have received representations from members requesting their good offices to intercede in the matter with a view to getting the insurance companies to agree to a corresponding reduction in the rates of premium charged for fire insurance. My Committee feel that there is considerable justification and force in this demand and request that your Association should consider the matter sympathetically and bring about an early reduction in the rates of premium.

It is understood that recently on a joint representation on behalf of the millowners the rates for insurance of mill properties have been reduced. It is but fair that the insurance companies should extend the scope of the reduction to other classes of their clientele and take steps to adjust their rates of premia to the altered circumstances. My Committee hope that this matter will receive the early attention of your Association.

Letter No. 4791|8, *dated 26th August* 1939, *from the Bombay Fire Insurance Association to Chamber.*

I refer to your letter No. 1924 of the 24th ultimo and am directed to inform you that my Committee have carefully

considered all you write and while it may be true that the insuring public have in the past received rebates off their Fire insurance premiums, the level of these rebates having risen precipitously during the last few months, it does not necessarily follow that on the cessation of such rebates there should be a proportionate reduction in the insurance rates.

It is a well known fact that during the last twelve months or so, due to intense competition many Companies in Bombay have been transacting insurance on an uneconomic basis. A number of Offices have purposely underwritten business at a loss merely to secure new connections which they hoped to retain subsequent to the 1st of July from which date the new Act made the offer or the acceptance of a rebate a criminal offence.

You will appreciate that one of the main purposes of the Insurance Act 1938 is to improve the stability of insurance companies by enabling them to build up reasonable reserves thereby ensuring reasonable security to policyholders.

If uneconomic rebates are to be replaced by uneconomic rates this purpose will obviously be defeated and policyholders will be worse off than before because the feeling of security afforded by the Act will be entirely unfounded.

With regard to your reference to the rates of insurance of mill properties, it is one of the functions of this Association periodically to examine the loss experience in respect of all classes of risk and the rates to which you refer were reviewed on that basis and the revision was accompanied by the introduction of a suitable reduction in the remuneration of intermediaries on the risks concerned.

My Committee assure you that under the new legislation they will examine closely the claims experience of all classes of risk and wherever possible relief will be given to trade and industry on that basis.

In conclusion, my Committee request you if and when you communicate with your members on this subject to emphasise that as from the 1st of July rebating both as regards the giver and *the receiver* is punishable as a criminal

offence. Further it would be appreciated if you would recommend your members to co-operate with the Government and Insurance Companies in their endeavour to stamp out the pernicious practice of rebating in the knowledge that the improved conditions that will ensue will be reflected in the rates eventually fixed.

Letter No. 2664, dated 7th October 1939, from Chamber to Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter of the 26th August 1939, No. 4791/8.

My Committee note that your Association agrees that prior to the passing of the new Act, heavy scales of rebates were in force, and fire insurance business had to be conducted on an uneconomic basis. It is however argued that the cessation of such rebates would not necessarily mean a justification for a reduction in the rates of premium. My Committee, however, are approached by several commercial interests with a request that, while the Insurance Companies need not work on rates which are uneconomic, they should respond to the public demand by some reduction in their rates. Such a reduction need not be in the same proportion as the old-time rebates ; but it must be of such a character as to give some relief to the business people, who had been enjoying the advantage of the rebates for all these years and have been suddenly deprived of the same. In short, even if a reduction to the full extent of the rebates allowed is not possible, the case for a substantial measure of reduction exists and the Companies should share the benefits, accruing to them in the matter of reduction of expenditure in procuring business on account of the abolition of the rebate system, with their consumers, viz., the insuring public. In this connection, my Committee also suggest that the incidence of the increased rates since the year 1937 for insurance of buildings with timber flooring will prove to be much heavier in view of the abolition of the rebates. It is hoped that your Association will consider this question also, while they are considering the other.

APPENDIX 91

Increase in Rates of Insurance on Cargo of Small Steamship Companies

Letter No. 2149, dated 16th August 1939, from Chamber to the Secretary, Bombay Underwriters' Association, Bombay.

The attention of my Committee has been drawn to a recent decision of your Association to treat smaller vessels of certain companies as second class steamers for purposes of charges in respect of insurances on cargo shipped per such steamers. Consequently the rates of premia for shipments in such steamers have been increased to the extent of 10 and 20 per cent on the prevailing rates for F. P. A. and W. A. Risks.

It would appear that although nominally such increased charges are said to be applicable to steamers of a tonnage less than 1,000 tons, in certain cases steamers of smaller capacity have been specifically excluded from the scope of this increase. This action has led to a legitimate grievance that the steamers of certain small Indian steamship companies are being particularly discriminated against and that the increases are not uniform or of general application. It has been pointed out to my Committee that small steamers owned by or under the management of British or European companies are allowed to continue at the old rates irrespective of their tonnage. If this information is correct it would mean that the increases in question were not due to or guided by considerations of tariff exigencies or risk experience.

One direct result of the increase in rates would be that the custom and the trade which such steamers and the companies owning the same used to derive would be diverted from them. Naturally shippers would be unwilling to pay the extra premium ; more than that, the very fact that the premium rates are loaded for the steamers in question would leave a lurking fear in the shippers that all is not well with the condition of such steamers and that in shipping through them an extra risk is involved.

It has been pointed out to my Committee that the risk experience in respect of such steamers of smaller tonnage would not also warrant any increase in the premia rates. On the contrary, in respect of the carriage of trade between the coastal ports, it would seem that the smaller steamers have a definite advantage over the bigger ones as they can be anchored much nearer to the ports.

My Committee are, therefore of the opinion that where steamers are efficient and in good condition from maritime standards, they should all be treated alike, i.e., first-class for purposes of insurance, irrespective of the capacity or tonnage and irrespective of any considerations such as ownership or management. My Committee hope that your Association will be good enough to consider the matter and not to enforce the recent increases in the rates of premia for cargo on small steamers.

Letter dated 23rd August 1939, from the Secretary, the Bombay Underwriters' Association to Chamber.

My Committee have received your letter No. 2149 of the 16th instant, on the subject of the above, for which they thank you and note contents.

They would point out that the statement in the first paragraph of your letter is incorrect inasmuch as the classification is not a recent decision but merely a re-introduction of classifications in accordance with the provisions of the new Coastal Tariffs which have been deposited with the Superintendent of Insurance. They would also most emphatically point out that the discrimination is not against any Company or Companies but is merely one against a particular class of steamer. They, however, have had many requests to reconsider their action and at their meeting on the 16th instant it was decided to classify certain steamship Companies' vessels all under one class and thus permit of first class rates being charged for shipments thereunder. I am instructed to enclose herewith copy of Circular No. 189 of 1939 dated the 18th instant which you will observe removes the difficulties mentioned.

At the same time I am to point out that it rests with Underwriters to assess equitable rates of premium for the risks they carry and is not the concern of the Shipping Companies or the Shippers.

(For the use of Members of the Bombay Underwriters' Association only)

THE BOMBAY UNDERWRITERS' ASSOCIATION

No 189 of 1939. CIRCULAR Bombay, 18th August 1939.

To

THE REPRESENTATIVES OF MARINE INSURANCE OFFICES, BOMBAY.

Gentlemen,

ALL-INDIA CLASSIFICATION OF STEAMERS

I am directed to request you to note that the following have been classed as "First Class Steamers" under Sheet 2—Item 4 of the above :—

Steamers owned and or Chartered by—

(1) The Bombay Steam Navigation Co., Ltd.
(2) The Eastern Steam Navigation Co., Ltd.
(3) The Merchant Steam Navigation Co.
(4) The Malabar Steamship Co., Ltd.

The above classification will hold good only while the vessels are fully classed in one of the Registers of Shipping shown under the heading "Definition" on Sheet 2, and only while the vessels in question are trading on the West Coast of India for business written under the Bombay and Karachi Coastal and Out-Ports Tariffs.

I am, Gentlemen,
Yours faithfully,
J. W. KITH
Secretary.

NOTE :—Some of the vessels covered are already on Sheet 4 and will have to be deleted and included under Item 4, as above. A list of the steamers concerned will be issued.

Members are requested to alter their tariff Sheets accordingly.

APPENDIX 92

Increase in Rates of Insurance for African Ports

Letter No. 2288, *dated* 28*th August* 1939, *from Chamber to the Secretary, Bombay Underwriters' Association.*

My Committee understand that recently the rates for marine insurance for African ports have been increased and that compared with the rates in force for London and other foreign ports, the African rates are excessive. It has also been suggested that it would be possible for non-Indian companies to quote lower rates for the same insurance from places outside Indian jurisdiction as such companies would not be bound by the schedule of rates framed by the Indian Tariff Association. It is therefore feared that the increase in rates would have the effect of diverting the business from Indian companies to companies outside the tariff arrangement. My Committee would request your Association to consider this matter and to bring about a reduction in the rates for marine insurance for African ports charged by companies working under the tariff framed by your Association.

APPENDIX 93

Statistics of Retail Prices of Salt in India

Letter No. 4683, *dated* 10*th June* 1939, *from Director-General of Commercial Intelligence and Statistics, Calcutta to Chamber*

I write to invite a reference to the fortnightly statements of retail prices of salt in India, which are regularly published in the *Indian Trade Journal* (*vide* pages 1015-17 of the issue dated the 25th May, 1939). It has been suggested that the publication of these statements in the *Indian Trade Journal* which do not seem to be very useful to the commercial bodies, may be discontinued as a measure of economy. I shall be obliged if you will kindly let me know if your Chamber has any objection to the above proposal.

Letter No. 1564, *dated* 21*st June* 1939, *from Chamber to Director-General of Commercial Intelligence and Statistics, Calcutta.*

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 4683 of the 10th instant. My Committee consider that the publication of statistics of retail prices of salt in the *Indian Trade Journal* may well be discontinued so far as the Provinces other than Bengal and Assam are concerned. With regard to those Provinces other than Bengal and Assam the prices are more or less fixed and so my Committee suggest that these prices may well be published half-yearly in the *Indian Trade Journal* instead of fortnightly as is done hitherto. With regard to Bengal and Assam, however, the prices fluctuate a good deal and so my Committee urge that the prices for these two provinces should be published fortnightly as is done now.

APPENDIX 94

Manufacturing and Importing Activities of Government Medical Stores

Letter No. 2211, *dated* 22*nd August* 1939, *from Chamber to the Secretary, Government of India, Defence Department.*

The attention of my Committee has been drawn to the correspondence that has passed between the Indian Chemical Manufacturers' Association and the Government of India with regard to the activities of the Government Medical Stores. The contention of the Association is that the Chemical and Pharmaceutical industry has advanced in this country at least to such an extent that it can supply several essential preparations for the use of the medical faculty and the public. Unfortunately, the activities of the Government Medical Stores in the direction of manufacture of such articles themselves as also import of foreign articles conforming to these, prevent advantage being taken of the local manufacture. The chemical and pharmaceutical industry is an essential industry and as was shown at the time of the last war, it could be called

upon in times of emergency to supply the country with its essential requirements in medicines and pharmaceutical preparations.

In the opinion of my Committee the best policy for Government to pursue at this juncture is to encourage, as far as possible, the local industry and to patronise the local products. In view of all this my Committee hope that Government will be pleased to give suitable opportunities to the Indian industry to tender for and supply the requirements of Government and hospitals in regard to drugs and medicines and that the Government Medical Stores will curtail their commercial activities of manufacturing, importing and selling such stores.

Letter No. 58-Med.|7|D-1, dated 19th September 1939, from the Government of India, Defence Department to Chamber.

With reference to your letter No. 2211, dated the 22nd August 1939, I am directed to invite your attention to the fact that the total value of drugs and medicines (excluding chemicals and narcotics) imported into British India from abroad during the year 1938-39 was Rs. 2,20,53,230. The local manufacture of pharmaceutical products is therefore still not of sufficient quantity to meet all demands. The total value of drugs imported from abroad and manufactured in India by the Government Medical Stores Depots during the same period is Rs. 12,93,248, i.e., less than 6 per cent of the previous figure, and the Government of India are unable to agree that the activities of the Depots, the continuance of which they consider essential in order that the Army in India may have at all times a reliable source of supply of medical stores, tend to restrict the great field of expansion which is open to private pharmaceutical industry in India.

2. I am to add that there is no compulsion of civil Government hospitals to purchase their medical requirements from the Government Medical Stores Depots. A Provincial Government has issued orders that if the Depots are not able to supply Indian made pharmaceutical products, the indenting officers should obtain them in the open market provided they are of standard quality and the price is equal to or less

than those of similar foreign products. Other Provincial Governments may follow suit.

Letter No. 2824, dated 23rd October 1939, from Chamber to the Government of India, Defence Department (Army Branch), New Delhi.

I am directed to acknowledge the receipt of your letter No. 58/Med./7/D-1, dated 19th September 1939.

The considerations put forward therein have been fully examined by my Committee and they are still of the opinion that the time has now arrived when Government Medical Stores Depots should cease their manufacturing activities, with a view to affording opportunities to private enterprise in these lines to expand their sphere of business and to consolidate their position.

The fact that a large quantity of drugs and medicines still continue to be imported is no argument to justify the continuance by the Depots of their manufacturing activities and thus competing with private enterprise. On the contrary, some of the best customers who should normally be available for private enterprise such as Civil Hospitals and public institutions, are still being supplied by the Depots, with the result that private manufacturers are denied an opportunity for expanding their business in such directions.

Normally, such trading activities should be exclusively left to be pursued by private enterprise. Competition by Government in such spheres often become unequal. My Committee have no objection to the Medical Stores Depots being continued for the requirements of the Army as such ; but what they are anxious is that they should cease to compete with private manufacturing efforts in the sphere of civil hospitals, Government and quasi-government and other public institutions, etc.

The argument that such public institutions are not being compelled to buy their requirements from the Depots does not, in any way, extenuate the position. After all, as long as the Depots continue to supply such public institutions, the arrangements in force previous to the existence of private

sources of supply will be continued undisturbed, and the usual Government stamp of superiority will give to the products of their depots a natural preference over the products of private sources of supply.

My Committee, therefore, submit that the Government Medical Stores Depots should confine their manufacturing activities strictly to their military requirements, and the rest of the field should be left free for private enterprise.

APPENDIX 95

Assistance to Export Trade

Letter No. 2988, dated 14th November 1939, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

My Committee have been recently considering the question of difficulties that are put in the way of normal export trade as a result of war time rules and meticulous regulations. Thus, for instance, export merchants are required to have a quota of export for particular ports and particular months for trade with neutral countries, which go seriously to curtail and even, perhaps, strangulate the export trade. My Committee hope it is not the desire of Government to curtail the volume of trade and to prevent the producer from getting full benefit of the markets in which he sold before, nor can it be that Government desire to put the bulk of the restricted export in the hands of foreign firms to the prejudice of Indian merchants engaged in the export trade. Unfortunately, this result is being produced, though it may be unintentional and my Committee deem it their duty to bring it to the notice of Government and also to warn the authorities that Indian public opinion will be seriously perturbed, if something is not done to stop this untoward development. While all these rules, regulations and restrictions may be necessary in the peculiar war conditions prevailing at present and while my Committee do not want to suggest anything that might come in the way of the war time preparations of Government,

they would like to draw the attention of Government to the gradual going down of the volume of exports. Government cannot be unaware of such a depreciation in export trade. But my Committee would like to draw the attention of Government with an urgent request that they may consider the whole problem in its entirety and find out how, without adversely affecting the fundamental issue of the war, the interests of the export trade of the country may also be reasonably looked after. In this connection, deputations of both the cotton and seeds trades recently waited upon the Hon'ble the Commerce Member when he was here in Bombay recently, which shows the amount of the feeling on the subject. When the question was raised before him at the discussion on the occasion of his visit to this Chamber, he promised to look carefully into the matter and to see that Indian trade generally and the position of Indian exporting firms in particular did not suffer.

My Committee will be obliged if Government will be pleased to let them know as to what steps are being taken or are proposed to be taken in this connection.

APPENDIX 96

Competition in Starch Trade

Letter No. 1703, *dated 5th July* 1939, *from Chamber to the Secretary, Government of India, Department of Commerce, Simla.*

The Indian Chamber of Commerce, Calcutta, has forwarded to my Committee a copy of their letter No. 868 dated 11th May 1939 addressed to the Government of India drawing their attention to the position of the indigenous starch industry as a result of the uneconomic competition by foreign starch manufacturers. My Committee feel that efforts to establish the starch industry in the country should not be allowed to be frustrated by such competition. They are, therefore, of the opinion that the Government of India should

look into the matter and take such steps as may afford to the indigenous industry the necessary protection from the competition of imported starch. If such protection can only be given after a Tariff Board Enquiry, as usual, my Committee suggest that the reference to and the formalities connected with the Enquiry should be expedited so as to ensure that any relief given to the indigenous industry may not be too late.

My Committee hope that the Government of India will consider favourably the claims of the indigenous starch industry for assistance.

APPENDIX 97

Exhibition of Indian Films in Baghdad

Letter No. 1584, dated 23rd June 1939, from Chamber to the Secretary, Department of Commerce, Government of India, Simla.

The attention of my Committee has been drawn to the difficulties experienced by Indian Film Producers and Distributors in the matter of getting Indian films exhibited in Baghdad. It would appear that generally Indian films are popular in that country and are welcomed ; but the authorities concerned are not enthusiastic about affording opportunities to exhibitors and film distributors to make it possible for Indian films being shown in that country.

The chief difficulty, it would appear, is that the censoring authorities are not very prompt in doing the work of censorship of Indian films. They show reluctance to take up the work and put it off on some excuse or the other. Moreover, it is understood that recently they have decided that in future only one Indian film per month should be censored. This will naturally restrict the market for Indian films and put the exhibitors and producers interested in showing Indian films in that country out of their business.

It is also feared that this reluctance and antipathy towards Indian films is caused perhaps by pressure brought on those

concerned by other foreign film interests who wish to preserve as much of the market available in that country for the products of their own country. It is unfortunate that the natural demand existing for Indian films should thus be hampered and Indian business made to suffer in consequence. My Committee request that the Government of India will be pleased to make enquiries in the matter and to represent the case of the Indian film industry to the proper authorities.

Letter No. F.314N|39, dated 31st October 1939, from the Under Secretary in the External Affairs Department, New Delhi to Chamber.

In continuation of the letter from the Government of India in the External Affairs Department No. D. 2408-N|39, dated 14th July 1939, I am directed to state that the complaints contained in your letter No. 1584, dated 23rd June 1939, were brought to the notice of the Iraqi Government by His Britannic Majesty's Ambassador, Baghdad. In reply the Iraqi Government have stated that the Films Censorship Board at Baghdad make every endeavour to examine cinematographic films of various kinds in a spirit of equity and without any discrimination. There is no question of the examination of Indian films being purposely delayed, nor has the Censorship Board decided to examine only one Indian film monthly. The Iraqi Government have further assured His Britannic Majesty's Ambassador, Baghdad, that there is no intention whatever of placing obstacles in the way of Indian films and causing loss to Indian merchants.

APPENDIX 98

Contact Between Industry and Research

Letter No. 3360, dated 29th December 1939, from Chamber to (1) Registrar, Indian Institute of Science, Bangalore, (2) Registrar, University of Bombay, Bombay, (3) Director, Department of Chemical Technology, Bombay, (4) Principal, Royal Institute of Science.

The War has again brought to the forefront the question of industrial development in the country. Difficulties are

being experienced in getting a normal supply of goods and articles which were hitherto imported ; these difficulties are the greater in the case of essential chemicals and dyestuffs required by industry. The problem of investigating the possibilities of manufacturing in the country such goods and articles hitherto imported is again being actively discussed and considered ; and my Committee have also been giving their attention to this matter.

In this connection, it has been felt that the absence of organised contact between Industry and Research is one of the causes which stands in the way of the proper utilisation of the fruits of scientific research in applied work. This aspect of the problem has been given prominence to and is receiving greater attention in countries industrially advanced, and organisations have been set up to channelise the results achieved in Research Institutions in a manner to be of service to the progress of industry in the country. My Committee believe that your Department has also at one time or other given thought to this aspect of the problem and must have made attempts to correlate the Research work conducted at the Institution to the industrial needs of the country.

I am desired by the Committee of this Chamber to enquire of you as to the extent and nature of applied work done in your institutions, both chemical and physical. Detailed information of such work with particulars about the results achieved may please be furnished to them so that the commercial public will have an idea of the same, and can take opportunity of utilising the advantages accruing from such research.

It strikes my Committee that in order to achieve the best results of the facilities available in such institutions for applied work, it would be desirable if the authorities concerned published from time to time information about all research work having commercial or industrial utility.

My Committee hope that you will be good enough to consider the above suggestions and to supply them with all the information, and any suggestions that you may have to make in order to secure a closer contact between Industry and Research.

Letter No. 11|2195, dated 9th January 1939, from Principal Royal Institute of Science, Bombay to Chamber.

With reference to your letter No. 3360, dated the 29th December 1939, I have the honour to notice that you are endeavouring to correlate the Research work conducted at the various Science Institutions to the industrial needs of the country.

2. I shall be glad to supply as much information as I can possibly give to further your objective. I am sending under separate cover, one copy each of*

(*i*) Third Report of the Royal Institute of Science for 1934-37;

(*ii*) Annual Report of the Royal Institute of Science for 1938-39; and

(*iii*) Work in progress now at the Royal Institute of Science 1939-40.

3. The Institute possesses an extensive Reference Library, enough to meet the needs of its Physics, Chemistry, Botany, Zoology and Mathematics Departments. The nature of the work done in the Institute and the topics handled now can be seen from

Subject	3rd Report 1934–37	Annual Report 1938–39	Work in progress 1939–40
Reference Library ...	pp. 11–13	pp. 13–17	
Papers published ...	„ 23–32	„ 25–31	
Work in progress ...	...	...	Please see a statement enclosed

4. I shall be glad to give any further information on the different topics under investigation on hearing from you, particularly if you are interested in making use of the researches carried out here for the sake of some specific industry.

* Enclosure not printed.

Letter No. 290, dated 25th January 1939, from Head of the Department of Chemical Technology, Bombay to Chamber.

With reference to your letter No. 3360, dated the 29th December, on the above subject, I have to invite a reference to my letter No. 1726, dated 27th October 1938, in which I have set forth details* of the types of co-ordination existing between Industry and Research in countries which are industrially advanced, and have also explained the possibility of establishing similar contact between chemical industry in Bombay and this Department. As you are probably aware, the equipment of this Department has been with a view to carrying out research and semi-scale investigations on all the common chemical industries. During the brief period of its existence the Department has endeavoured to place its services at the disposal of the chemical industries of the province in carrying out industrial research on their behalf, working out manufacturing processes or investigating technical problems that may arise in the course of their work. The indigenous manufacture of chemicals, dyes and auxiliaries for which the textile and other industries are now almost entirely dependent on foreign sources is receiving adequate attention in the schemes of research pursued by the Department, which are detailed in the enclosed research report.

Copies of the publications of the Department are made available to industrial concerns for an annual subscription of Rs. 5.

The results of work undertaken specifically for particular parties and subsidised by them have, however, necessarily to remain confidential. I enclose a copy of the terms on which such work on behalf of several interests, among which I may mention the Ahmedabad Millowners' Association, is in progress in the Department.

I would suggest that until such date as organisations on the lines of the Department of Scientific and Industrial Research in England and its affiliated Research Associations for different industries come into being in India, the best way of

* Details not printed.

establishing *liaison* between Research and Industry would be for industrial interests to subsidise research in and maintain contact with the relevant research institutions either directly or through a central organisation such as your Chamber. Such *liaison* should be maintained on a permanent basis and not sporadically according to the dictates of emergencies. Adequate attention should be given to fundamental research also, which, though not offering immediate commercial possibilities, may have far reaching influence on industrial research. In order to ensure such permanent contact and to co-ordinate the schemes of research in progress in the various institutions in the province, I would suggest the establishment of an Industrial Research Council.

I enclose a copy* of the prospectus and other literature relating to this Department and shall be glad to supply further information on specific enquiry.

APPENDIX 99

Co-option of the Retiring President of the Federation of Indian Chambers of Commerce and Industry on the Committee of the Federation

Letter No. 3077, *dated 24th November* 1939, *from Chamber to the Secretary, Federation of Indian Chambers of Commerce and Industry, New Delhi.*

The Karachi Indian Merchants' Association and the Buyers and Shippers Chamber, Karachi, have forwarded to my Committee a copy of their joint letter to you dated the 18th August 1939, No. 164/39, on the above subject. Therein they have made a suggestion that the rule governing the co-option of members on the Committee of the Federation be so amended as to provide for the retiring President being *ipso facto* co-opted on the Committee for the succeeding year.

My Committee considered this matter and they are in agreement with the idea underlying the suggestion, viz., that a place should be found for the retiring President on the Committee of the Federation for the succeeding year. They,

* Copy not printed.

however, feel that instead of it being provided that the retiring President should be co-opted, the rules might be so amended as to provide that the retiring President should be an *ex-officio* member of the Committee for the succeeding year. They request that the Committee of the Federation should consider this matter and should effect a change in the rules in question accordingly at an early date.

The amendment of the rules perhaps may take some time. In the meanwhile, they suggest that a convention may be established that, till the time the rules are so amended, the retiring President should be co-opted on the Committee for the succeeding year.

APPENDIX 100

Indian Non-Official Representation on International Conference

Letter No. 3004, *dated* 16*th November* 1939, *from Chamber to the Secretary, Department of Commerce, Government of India, New Delhi.*

I am directed by my Committee to address you regarding the necessity of the inclusion of Indian non-official representation on the International Conferences regarding sugar, rubber, cotton, etc.

Such International Conferences meet to discuss the mutual possibilities of various trades between different countries and very often decide the allocation of export quotas for different countries according to their capacity of production for export purposes. The question of the inclusion of Indian non-official representatives on such conferences has assumed importance particularly in view of the growing industrialisation of the country with regard to vital trades such as sugar, rubber, cotton, etc. In this connection, the President of the Chamber, in the year 1937, had occasion to acquaint the Hon'ble Sir Sultan Ahmad, then Commerce Member, of the strong feelings of the Chamber regarding the absence of an Indian non-official representative on the International Sugar

Conference held in that year, during the course of the interview the Commerce Member had with the Committee of the Chamber. It was pointed out that on the agreement reached in the said Conference, the representative of the Government of India had placed his signature, binding down India not to export sugar whatsoever. This agreement was extremely unfair to Indian sugar trade depriving it of the right to export sugar, and yet the Government representative in total disregard of the Indian commercial opinion had appended his signature of approval to it. Such an unfortunate result would not have come to pass had there been any non-official representative on the Conference Table to watch the interests of Indian industry.

It will be recalled that the Indian Trade Commissioner in U. S. A. was appointed to represent India at the Cotton Conference which was to be held in New York which ultimately did not take place. It was obvious that the Trade Commissioner could not have successfully represented Indian cotton interests as an Indian non-official representative of the cotton trade would have done, as the Trade Commissioner had no intimate knowledge of the trade whose interests he was proposed to look after.

My Committee feel that Indian interests have been placed in a position of considerable disadvantage by being excluded from their rightful non-official representation on such Conferences and have to request Government to give their earnest attention to this question of representation of Indian interests on such International Conferences that may be held in future.

APPENDIX 101

Annual Sessions of the Industries Conference and Association of Non-official Business interests with the same

Letter No. 2702, dated 12th October 1939, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

The question of giving increased attention to a more rapid pace of industrialisation in the country has recently engaged

the active consideration of both the Government authorities and of the public in this country. In the non-official sphere an important step in this direction was taken by the appointment of the National Planning Committee. Government have also been devoting increased attention to such matters by frequent conferences and meetings, such as the meeting of the Industrial Research Bureau, Industrial Research Council and the Indian Industries Conference.

The developments connected with the War situation, however, have once again forced to the forefront the extreme importance of taking more rapid measures with a view to increasing the industrial and manufacturing activities within the country. Government have also realised the importance of such measures and are understood to be examining the possibilities of such industrial developments. In this connection, my Committee wish to suggest that a close and active collaboration between the official and non-official interests as represented by the important Chambers of Commerce will be conducive to achieving more rapid and tangible results and Government should take early steps to arrange for and secure such collaboration.

It is understood that the next session of the Industries Conference will be held in Bangalore towards the end of the year. My Committee wish to suggest that the occasion should be utilised to have the viewpoint of Indian commercial and industrial interests both before the country and before Government and to this end representatives of important Chambers of Commerce and Industrial Organisations may be invited to that Conference. In the achievement of the object of promoting industrial activities in the country, the initiative of and collaboration from non-official sources is an essential factor and my Committee hope that the Government of India will be good enough to accept their above suggestion and invite representatives of the important commercial organisations including this Chamber to the forthcoming session of the Industries Conference.

V.—GENERAL

APPENDIX 102

Indians Abroad

Statement issued to the press dated 7th June 1939.

The position of Indians abroad has been and is still steadily deteriorating. The apathy of His Majesty's Government and the inability of the Government of India to help them have encouraged foreign Governments to legislate with impunity against the legitimate rights of Indians within their territories. Recently, the Italian usurpers in Ethiopia have enacted laws on the pattern of anti-Indian laws of the Union of South Africa. Our countrymen are relegated by law to the position of uncivilised people. They are prohibited from entering cinemas, theatres, hotels and have been ordered to remove their shops from the centre of the town of Adis Ababa. Some of these shops are owned by Indians. The Government of Belgian Congo and the Mandated Territory of Ruanda Urundi have gone a step further. They have been arresting Indian nationals indiscriminately and punishing them to long terms of imprisonment and heavy fines without even a farcical trial. They are arrested on suspicion of trading in illicit gold. A representative of Indians in Belgian Congo has been in India for over a month. The latest news from that country is that his house was searched and a warrant of arrest has been issued for his arrest. It seems the authorities managed to discover illicit gold in his house during his absence! His only crime is that he has been asking the Government and the people of India to extend their protection to their nationals in Belgian Congo. The Committee of the Chamber have mentioned only two recent glaring instances where foreign Governments have launched unholy campaigns against law-abiding and peace-loving nationals of this country.

Within the so-called British Commonwealth of Nations, the position of Indians is progressively worsening. The worst

aspect of the whole situation is that the solemn promises of the statesmen of some of the Dominions cannot be relied upon. Take South Africa, for instance. Ever since the Smuts-Gandhi Agreement of 1914, by which India undertook to prohibit emigration to South Africa and the latter promised to administer the existing laws in a "generous spirit" towards Indians, South Africa has not ceased enacting anti-Indian legislation. An instance of the flagrant breach of their solemn promises is the violation of the "upliftment" clause of the Cape Town Agreement of 1927. Nations who attach no moral value to their pledges are capable of doing anything and no wonder Indians in South Africa are threatened with two more anti-Indian Bills in the form of Segregation Bill and the Transvaal Asiatic Residence and Trading Bill. Indians in South Africa have exhausted all methods of constitutional protest, and have decided in desperation to launch a Passive Resistance Campaign to vindicate their national honour.

The Crown Colony of Kenya is notorious for anti-Indian agitation and has kept up her ill-reputation by the Kenya Order-in-Council. Under this Order, Indians are prohibited by law to own land in the Kenya Highlands, the best agricultural land in the country, whereas non-British subjects, no matter who they are, provided they hail from European countries, can settle on this sacrosanct land. Sir Purshotamdas Thakurdas, in a recent representation to the Government of India, asks a pertinent question. He asks : "Is it proper, just or right that non-British subjects should be given preference over Indians in Kenya ?" The Committee of the Chamber repeat the question, with all the emphasis at their command and earnestly desire a reply.

The Indians abroad population is estimated at about forty lakhs. Everywhere throughout the world their is a pitiable sight. Their personal honour is not safe ; their national pride is degraded at every step ; they are robbed of their honest means of livelihood. Even Burma and Ceylon that owe everything to India,—even their very existence is due to India, the source of their culture, religion and civilisation,

have joined anti-Indian forces in the world. The Government of India have stereotyped replies to the protests and representations made on behalf of our harassed countrymen abroad. We are told that they cannot interfere in the domestic affairs of the Union of South Africa because it is a Self-Governing Dominion and are within their right to legislate on a policy they consider to be in the interest of their country. But it is strange that nothing seems to be in the interest of South Africa except anti-Indian legislation. About foreign Governments, we are informed that the Government of India have no status to negotiate direct with them. All they undertake is to write to the British Foreign Office and the rest lies with London. About the Kenya Order-in-Council, they do not seem to agree with us as to interpretation of the Order. Under these most exasperating circumstances, when we see our nationals abroad fighting desperate battles without the active help of the Government of India, it behoves the nation to adopt concerted action in order to hold out a helping hand to them. The Committee of the Chamber wish the South African Indians best success in the Passive Resistance Campaign, and assure them of their hearty sympathy and active support. To Burma and Ceylon, the Committee will counsel moderation and suggest Round Table Conferences between India and the two countries to come to an understanding. The Committee are emphatically of the opinion that unless the Kenya Order-in-Council is withdrawn forthwith, there will be no peace between India and the Colonial Office.

APPENDIX 103

Indians in Belgian Congo

Letter No. 1176, *dated* 13*th May* 1939, *from Chamber to the Secretary, Government of India, Department of Foreign Affairs, Simla.*

The Indian National Association, Zanzibar, has forwarded to my Committee a copy of their representation dated 21st April 1939 addressed to the Government of India regarding

the plight of Indians in Belgian Congo in connection with certain treatment meted out to them there by the authorities of that country. My Committee would like to know if the Government of India have made any enquiries in the matter and, if so, whether they have received full particulars regarding incidents and happenings referred to in the said representation. If the facts as stated therein are correct, my Committee feel that the situation is one which calls for immediate attention of the Government of India. My Committee also understand that a representative of Indians in Belgian Congo is now in the country and has seen the Government of India lately. My Committee hope that in the light of information and reports received, the Government of India will take such immediate action as may be possible with a view to securing to Indians in that country fair treatment and with a view to the removal of the hardships under which, according to reports, they are at present suffering.

Letter No. F. 310(20)X|39, dated 26th May 1939, from the Under Secretary to the Government of India in the External Affairs Department to Chamber.

I am directed to refer to your letter No. 1176, dated the 13th May 1939, and to state that His Majesty's Government have been asked to make enquiries with regard to the alleged grievances of the Indian community in the Belgian Congo, and to take such action as they consider possible in the matter.

APPENDIX 104

Anti-Indian Legislation in Ceylon

Telegram dated 21st June 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

Committee Indian Merchants Chamber view with grave concern recent measures such as compulsory repatriation of Indian labour and proposed enactment for compulsory

employment of Sinhalese by private Indian firms in place of Indians, etc., adopted or contemplated by the Government of Ceylon and earnestly urge upon the Government of India to take effective steps to see that the Government of Ceylon does not put these measures into operation. My Committee understand that Ceylon Trade Delegation not proceeding to India till October as they say they are busy with budget session my Committee are seriously perturbed because they are afraid that this long delay will be utilised by the Government of Ceylon in not only putting into operation measures regarding dismissal and repatriation of Indian labour but they will enact other anti-Indian measures and present them as *fait accompli* when they meet the Government of India in October. My Committee would therefore earnestly urge upon the Government of India to request the Government of Ceylon begin trade talks immediately so that all sources of strength can be used to prevent the Government of Ceylon from proceeding with their anti-Indian drive policy as part of that agreement otherwise to secure from them an assurance that not only would they not put into operation measures already enacted but not enact any other legislation infringing the right of Indians in Ceylon. My Committee would also suggest that when negotiations begin Government should ask for a treaty of commerce and navigation and not a mere trade pact.

APPENDIX 105

Riots in Burma

Telegram dated 15th February 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, New Delhi.

Committee Indian Merchants' Chamber seriously perturbed at recrudescence of internecine riots in Burma particularly directed against Indian Nationals resident and settled there in pursuit of peaceful occupations. In view of this Committee look to Government to take strong and effective steps for protecting life property and interests of Indian Nationals in

that country. Burma has trade relations with India of an important character and Indians and Burmans have co-operated in making Burma what it is now. Both Government of Burma and Government of India should see that these relations are not now embittered by acts of hostility to Indians.

APPENDIX 106

Enquiry into Indian Immigration in Burma

Telegram dated 21st June 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

Reference recent announcement appointment of a commission by the Government of Burma for inquiring into alleged Indian penetration into Burma Committee Indian Merchants Chamber consider it quite essential that the sole Commissioner should be helped by two Commissioners of equal status instead of the two Assessors as announced and that the Government of India should take immediate action for getting a non-official Indian of standing and enjoying confidence of public being appointed by the Government of Burma as Commissioner in connection with the proposed enquiry. My Committee would earnestly urge upon the Government of India to ask the Government of Burma to make it clear that enquiry refers to the immigration of unskilled labour only that occupations mentioned in Clause three refer to only such occupations in which unskilled labour is employed and further Clauses four and five of terms of reference should cover enquiry in regard to protection of just claims of Indians in case of such conflict as mentioned in Clause four and deal with question of fully safeguarding the legitimate rights which Indian labour has acquired in Burma. Notice should be given to Burma to terminate the arrangement under the Indo-Burma Trade Regulation Order. My Committee hope the Government of India will be pleased to do the needful as requested above for protecting the rights and safeguarding the position of Indians in Burma.

Letter No. F. 61-8|39 OS, dated 29th June 1939, from the Secretary, Government of India, Department of Education, Health and Lands, Simla to Chamber.

I am directed to refer to your telegram dated the 21st June 1939, regarding the Commission of Enquiry in Burma into Indian immigration. I am to point out that the terms of reference are virtually identical with the recommendations of the Royal Commission on Labour in India and Burma and that the Interim Report of the recent Riots Inquiry Commission again emphasised in the strongest terms the necessity for some authoritative fact-finding enquiry if Burman apprehensions were to be allayed. It being admitted that no reliable data are available, it would not be possible to limit the scope of the enquiry in the manner suggested by your Chamber.

As regards the composition of the Committee, I am to inform you that this was determined after careful consideration and with the full concurrence of the Government of Madras. The Government of India are satisfied that the Indian assessor will be appointed by the Government of Burma after consultation with the Indian community there and will represent the views of that community. I am also to draw your attention to the fact that, apart from themselves giving evidence, all Indian interests will be able to avail themselves of the assistance of the Agent of Government of India.

Letter No. 1719, dated 6th July 1939, from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

I am directed by my Committee to acknowledge the receipt of your letter No. F. 61-8|39 O.S., dated Simla, the 29th June in reply to the telegram of my Committee dated the 21st day of the last month and note that the terms of reference given to the Commission of Inquiry in Burma into Indian Immigration are virtually identical with the recommendations of the Royal Commission on Labour in India and Burma. My Committee have, however, to point out to you that the Royal Commission on Labour dealt with the question

of labour only and not with all classes of people who went from India to Burma. At no time it was contemplated that the right of an Indian to enter into Burma was to be questioned but the Governments of the two countries were to consider whether any restrictions could be imposed on the right of entry of unskilled labour from India into Burma in the interests of the two countries. As the terms of reference are very wide and as enquiry is to be made in regard to the position of Indians in all occupations, my Committee rightly apprehend that much wider questions affecting the rights of Indians have been referred to the Commission of Enquiry than what was actually agreed to at the time of separation of India from Burma or what was recommended by the Royal Commission on Labour in India. My Committee would, therefore, once again urge upon the Government of India the necessity of getting the terms of reference restricted in the light of what they have stated in their telegram of the 21st June and to request the Government of Burma to make it clear that the inquiry refers to the position of the unskilled Indian labour in Burma and not to all occupations in which other Indians are engaged. My Committee consider this quite essential in the interest of the large stake which the Indians have got in Burma, apart from their right to go and live in that country and they have, therefore, to earnestly appeal to the Government of India to get the position rectified from the very start, so that no misunderstanding either in connection with this inherent right of Indians or in connection with other questions may arise, as a result either of the terms of reference or the report which the Commission may submit as a result thereof.

APPENDIX 107

Indo-Burma Trade Talks

Telegram dated 26th July 1939 from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.

Committee Indian Merchants Chamber learn from press reports that representatives of Burma Government had preli-

minary discussions with the Government of India regarding renewal of Indo-Burma Trade Agreement. Committee are not aware of the terms scope and nature of these discussions. But Committee earnestly hope and trust that as a preliminary to any such trade arrangement certain essential issues regarding the rights and status of Indian settlers in Burma will be settled. Committee regard it as essential that the recommendation of the Braund Committee regarding steps for protecting life and property should be implemented. Next the principle of compensation to Indians in Burma for losses sustained in the matter of life and property during the last riots in Burma should be recognised and accepted by the Burma Government. Committee feel that a settlement of these issues should be a condition precedent to the resumption of negotiations for a trade agreement as otherwise Indian interests in Burma will find their position and future in that country always threatened.

Letter No. 2103, *dated* 11*th August* 1939, *from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.*

The Committee of this Chamber forwarded to you a telegram a few days back regarding the Indo-Burma Trade Agreement. India and Burma have been a one unified whole for long and hundreds of Indians migrating year after year to Burma as a part of India have made that spot their home and have added to its agricultural prosperity and economic development. It is true that it is now too late to consider whether Burma should have been separated from India or not. My Committee, however, want that the Government of India will be pleased to consider the reactions in Burma itself which have followed the policy of separation. Even while this grave and serious step was decided upon, there were warning voices against such a step being taken. Unfortunately, no heed was paid to these warning voices and Burma was finally separated. It may be pertinent to observe that so far as my Committee or several commercial organisations were concerned, they did not base their opposition upon any desire to keep down Burma. In fact, several

institutions went out of their way and pitched their opposition purposely in a mild key in order to avert this misunderstanding and misinterpretation of their motives. Their opposition was mainly due to their conviction that as Burma and India were connected together with many ties of common cultural, geographical and economic interests for centuries past, their separation would be detrimental to the interest of both Burma and India. It was under these circumstances and with this background that it was considered imperative to see that the trade relations between the two countries were not disturbed immediately after separation and a period of three years was, therefore, fixed for maintaining the *status quo* so far as these relations were concerned. Unfortunately, even before the expiry of this period a grim and tense situation arose as a result of which hundreds of Indians lost their lives and property worth lakhs of rupees was destroyed. My Committee have gone through the report of the Braund Committee and appreciate the work that has been done by them. While they realise the difficulties which the Government of Burma had to face, they cannot avoid the feeling that had the Government of Burma curbed effectively the "intemperance of the Burmese press" which, in the considered opinion of the Braund Committee, had "the effect of working up an artificial anti-Indian and anti-Government feeling and of sowing the seeds of disorder," the unfortunate riots of the last year would not have occurred or at any rate their momentum would not have been as great and wide spread as it had been. As a matter of fact, the atmosphere was allowed to become so embittered that, as remarked by the Braund Committee.

> "Indians in Rangoon were virtually at the mercy of armed mobs and armed hooligans except where, as in the centre of the city, they were numerically strong or where they happened to be under the eye of the military police or military pickets."

My Committee would like, in this connection, to bring specially to the notice of the Government of India the clear finding of the Braund Committee that it was a perfectly just complaint

"that the victims of the riots and the peaceful citizens did not receive from the police the protection which in a civilised city they were entitled to expect."

and the conclusion which they have put on record that the police failed "to give that measure of protection to the victims of the riots which, as British subjects in Burma, they were entitled to expect." Not only do the findings and the conclusions of the Braund Committee indicate the extreme gravity of the situation but they also urgently demand, in the opinion of my Committee, from the Government of India immediate and effective action so that the life and property of their nationals may be fully safeguarded in that country in the future.

The blunt truth then before us is that the Government of Burma were not in a position to protect the life and property of an important section of their subjects, viz., Indian residents. Why or how that situation arose need not be enquired into. The Braund Committee have sufficiently gone into all these details. What my Committee are concerned with is the present and the future. Ten lakhs of Indians—peaceful and law abiding—living in Burma form, by no means, a negligible factor in the population of that country. They have contributed their own quota to the development and material progress of the country. The fundamental question to which my Committee would invite the serious attention of the Government of India is that if Indians are to be allowed to stay and live in Burma and carry on their work there in a peaceful and quiet manner, they should obtain a definite assurance and a clear guarantee from the Government of Burma that full protection will be given to them and their life and property will be adequately safeguarded. If, however, such an assurance is not forthcoming, it will raise a very big and wide political issue of a complicated nature which will have to be decided by the Government of India in consultation with the leaders of public opinion and with the non-official members of the Legislature.

So far as my Committee understand in the situation as subsists between India and Burma today, Indians cannot be

summarily dismissed and hunted out of that country. If that is so, surely it is the bounden duty of the Government of Burma to take as much care of the Indians there as of the Burmans.

My Committee, in this connection, would like to invite the serious attention of the Government of India to the necessity of securing compensation for the loss of Indian life and property in the recent riots. As the Braund Committee themselves have said even the crimes of violence passed unnoticed or if they were noticed, extremely light sentences were awarded not in keeping with the nature of the crimes nor with the gravity of the deeds. The Government of Burma should therefore put forth their best endeavours to get rid of the wide-spread impression that the life of an Indian is of no account. That the value of an Indian life is as great as that of the Burman life should be impressed upon the people there and this can only be done if the principle of adequate compensation is accepted. It has been argued in some quarters that if compensation is to be claimed and paid to Indians, it should equally be claimed by Burmans and be given to them and that the necessary amount for all these compensations will have to be raised by taxation which will equally be applicable to both. My Committee demur to this argument. It has been an accepted principle, at least so far as this country is concerned, that whenever compensation is paid, the tax necessary for raising this compensation amount has to be levied upon the community or communities who have broken the law and which are primarily responsible for all the damage to life or property. The Punitive Tax, in fact, recognises this principle. In Bombay there have been several riots and with regard to all these, this very principle has been accepted and followed upon. It is because of this that my Committee urge that ample and adequate compensation should be paid to Indians which will be a real guarantee to them that the Government of Burma will take care of their life and property with as much zeal and care as they would of the life and property of Burmans. Refusal to accept the principle of compensation for damage to property and loss of

life arising from failure to give protection would leave an evil example in whichever country it is copied.

My Committee are glad to note that an Indo-Burma Trade Agreement is going to be negotiated soon. If there is any agreement essential anywhere, it is between India and Burma, the relations between which were always of the most cordial character. Now that the separation has taken place, there is no reason why such relations should not continue and why the trade of both the countries should not be developed and fostered and properly adjusted and settled. In order, however, that such a Trade Agreement may be based upon certain fundamental principles, it is necessary that a certain preliminary ground should be cleared and it is because of this that my Committee would urge upon the Government of India not only to secure from the Government of Burma proper compensation for the loss of Indian life and property during the recent riots, but they should also obtain a guarantee that the life and property of Indians will receive fullest protection in that country in the future. My Committee have no doubt that the Government of India would agree with them that without the safety of the life and property, trade cannot be carried on in that country. It is, therefore, essential that before any trade agreement is negotiated between the two countries adequate safeguards and clear guarantees for this most vital matter should be definitely obtained. In view of the statement made by Sir Girjashanker Bajpai on the 5th September 1938 :

> " that we are equally agreed that those Indians who have suffered in the recent riots should be able to claim compensation from the Government of Burma for the loss of life and property that they have suffered."

and in view of the assurance given by the Hon'ble Sir Jagdish Prasad on the 4th February 1939 that as one of the terms of reference of the Riot Enquiry Committee was the loss of property caused and the damage done, he was " sure that when this enquiry is complete this question (i.e. compensation) will be further examined," the Government of India will no doubt pursue this matter actively and effectively and secure

adequate justice and compensation for those Indians who have suffered and whose property has been damaged.

As regards the trade agreement, my Committee note from the communique recently issued by the Government of India that the recent talks between Secretaries of the Governments of India and Burma about the India and Burma Trade Regulation Order were purely preliminary in character and that the object of the talks was to find out a basis upon which formal correspondence might best be conducted between the two Governments about the desirability or otherwise of opening negotiations for the formulation of a trade agreement to replace the existing Order-in-Council. My Committee would, however, request the Government of India that they may be pleased to inform them as to the terms, scope and nature of these preliminary talks. My Committee would also like to bring to the notice of the Government of India the strong and growing feeling in the country that the notice for the termination of the agreement between India and Burma should be given without any delay and that talks for a new agreement should be opened as early as possible. While my Committee appreciate the statement in the communique that when such negotiations are opened, it is not the intention of the Government of India to take any decisive step without full consultation with Indian commercial interests, my Committee would urge upon the Government of India to follow the procedure which they have been following for sometime past in regard to the Indo-Japanese Trade Agreement of 1937 and the Indo-British Trade Agreement of 1939. The delegates of the Government of India had the benefit of the advice and assistance of the duly accredited non-official advisors of the Commercial community in this country. The same principle has been recognised in connection with the negotiations for an Indo-Japanese trade agreement which are in progress at present. My Committee hope that this salutary principle will be recognised and acted upon when time comes for commencing the talks in regard to the conclusion of an Indo-Burma trade agreement. These trade negotiations, my Committee have no doubt, will be as far as

possible of a very wide and broad character and will not be restricted to a few issues only. All questions connected with trade, shipping, immigration, social relations, statutory rights as citizens, etc., will be carefully gone into and settled as forming the vital parts of the new agreement which may be concluded hereafter between India and Burma.

APPENDIX 108

Restrictions on Export of Rubber to Burma

Letter No. 2668, dated 9th October 1939, from Chamber to the Secretary, Department of Commerce, Government of India, New Delhi.

The attention of my Committee has been drawn to the difficulties experienced by merchants and manufacturers in the matter of exports of rubber and rubber goods from India to Burma. These difficulties have been brought about by the application of the provisions of the Rubber Restriction Scheme and Rubber Control Act to exports from India to Burma with effect from January 1939. Following an International Agreement exports from India to all foreign countries were controlled from 1934 and export quotas for each Estate or factory in this country were prescribed on the basis of the average of the exports of such factory or estate during the six years previous to the Control Scheme. At that time, as Burma was part of India the restrictions under the Scheme did not apply to Burma, and consequently no account was taken of the exports from India to Burma in deciding the basis of the quota to be prescribed under the scheme. The quota figures also did not include any provision in respect of exports to Burma. Thus, both the scheme and export quotas allowed to India were determined without any reference to the trade in rubber between India and Burma, as such trade was considered as internal trade.

Consequent upon the political separation of Burma from India, it was decided to include exports from India to Burma in the restriction scheme, with the result that such exports

are now to be within the quota prescribed under the scheme; and Indian exporters have also to fulfil all the formalities connected with the observance of the scheme. My Committee have already pointed out that the quotas, when they were decided originally under the scheme, did not take into consideration the trade between India and Burma, and consequently when that trade was brought within the pale of the scheme, the quota figures naturally remained inadequate for the purpose. Moreover, the figures of the quotas were determined on the basis of the trade existing prior to the restriction scheme, a period which coincided with a severe slump in the rubber trade. After the control scheme was instituted in 1934, Indian merchants and manufacturers devoted their attention to creating a greater market for their rubber and rubber goods in Burma, did the necessary spade work there and in fulness of time were expecting to increasing their share of the Burmese market for rubber as a result of such pioneering efforts. Unfortunately, the application of the Restriction Scheme from 1939 has deprived them of the fruits of their initial work with a view to exploring increased avenues of trade for Indian rubber and rubber goods in Burma.

Although Burma is politically separated from India, it has been agreed that in matters relating to trade, the *status quo* would be maintained and that there would be free trade between the two countries. This agreement has been embodied in legal form in the Indo-Burma (Trade Regulation) Order, 1937, and as long as this Order continues to be in force, my Committee consider it inconceivable and against the spirit of the arrangement embodied in the said Order, that anything should be done by either country which amounts to a restriction on the scope of such free trade. My Committee are aware that under para 7 of the Schedule to the Order, prohibitions or restrictions arising out of any obligation under International schemes are permissible. They would, however, point out that the International Scheme in regard to rubber was already in existence at the time the said Order was formulated, and it was not, therefore, competent for either the Government of India or the Government of Burma to impose or

agree to any such restrictions during the pendancy of the agreement, notwithstanding the provision in this regard in the Schedule referred to. Negotiations in regard to the future trade relations between the two countries are reported to be in progress, and it was not proper that the restrictions in regard to rubber exports should have been agreed to in advance of such negotiations.

My Committee, therefore, request that the Government of India will be pleased to reconsider the matter and get the exports of rubber and rubber goods to Burma excluded from the purview of the Restriction Scheme. If, however, Government consider such action not possible, they would suggest that at least in fairness to Indian interests the export quota to Burma allotted to India should be so revised as to remedy this injustice.

Letter No. 246(10)TR|39, *dated 1st April* 1940, *from Under Secretary, Government of India, Department of Commerce, New Delhi to Chamber.*

I am directed to refer to your letter No. 2668, dated the 9th October 1939, on the above subject, and to say that in pursuance of the obligations undertaken by India under the revised Inter-Governmental Rubber Agreement exports of rubber from India to Burma are required to be licenced and that such restriction is in no way contrary to the terms of the Indo-Burma Trade Regulation Order.

2. The question of restricting or prohibiting imports of unlicenced rubber from Burma into India is being considered by the Government of India.

APPENDIX 109

Imposition of an Import Duty on Burmese Rice

Letter No. F. 801, *dated 1st May* 1939, *from the Federation of Chambers of Commerce and Industry, New Delhi to Chamber.*

I am directed to address you on the subject of the desirability or otherwise of the imposition of a duty on the imports

of Burmese rice into India as under and to request you to kindly send your views on the question to the Federation office at an early date.

In view of the possible reconsideration of the Indo-Burma Trade Agreement (1937) in near future, commercial bodies have of late begun to address themselves on the subject to the Secretary to the Government of India, Commerce Department. Imports of rice from Burma into India have attracted particular attention on this side of India and it has been suggested by the Bengal Rice Mills and Merchants Association, Calcutta, that the Committee of the Federation should address a representation to the Government of India on the subject and request them to impose a duty on the imports of Burmese rice into India with a view to safeguard the Indian rice interests against the severe dumping of Burmese rice into India.

The question of the imposition of an import duty on Burmese rice is essentially a part of the wider problem of renewing the present Indo-Burma Trade Protocol or negotiating a new trade treaty between the two countries, which secures adequate *quid pro quo* to both the sides. As there are various interests involved, it is decided that the Federation should not move in the matter without ascertaining the views of the Member-bodies on the said subject. I should, therefore, be thankful to receive the views of all the Member-bodies on the question at an early date.

Letter No. 1178, *dated* 13*th May* 1939, *from Chamber to the Federation of Indian Chambers of Commerce and Industry, New Delhi.*

Your letter No. F. 801 of the 1st instant was considered by my Committee at their last meeting. The question of levying an import duty on rice is part of the future trade relations between India and Burma. The existing Trade Regulation Order will expire in 1940 and the question whether to continue the same or to substitute it by a fresh agreement is likely to be taken up both by the Government of India and the commercial bodies in the near future. In view of this, my Committee feel that it would be inadvisable to

isolate one item of the trade, viz., rice and to formulate any proposals on the same at this juncture. They are of opinion that this matter should be decided as part of the larger question of the future trade relations between the two countries. My Committee therefore, hope that the Committee of the Federation will not commit themselves by any expression of views on the subject for the time being.

APPENDIX 110

Prohibition of Imports of Cotton Seeds from Burma

Letter No. 1565, *dated* 21*st June* 1939, *from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, Simla.*

The attention of the Committee of this Chamber has been drawn to the application of the provisions of the Destructive Insects and Pests Act of 1914 to the import of cotton seeds from Burma by the Government of India Notification dated 9th February 1938. As long as Burma was united with India no such prohibitive notification applied to imports from that country and my Committee are led to think that just because the union of Burma with India ceased from a particular date, the application of the Destructive Insects and Pests Act was made merely as a matter of formality. If this is so, my Committee would strongly urge that, in view of the large interests of Indian merchants having cotton ginning and pressing factories in Burma, the provisions of this Act should not be made applicable to the imports from Burma. If, however, Government have not applied these provisions as a mere matter of formality, but have got special reasons for doing so, my Committee will be much obliged if Government will be pleased to let them know these reasons.

Letter No. F. 46|20|38-*A, dated* 22*nd July* 1939, *from Under Secretary, the Government of India, Department of Education, Health and Lands to Chamber.*

With reference to your letter No. 1565, dated the 21st June 1939, I am directed to say that the import of cotton seed

from Burma, except for experimental purposes, has been prohibited with a view to preventing the introduction into India of pests injurious to crops. When Burma was part of India, any steps which the Government of India might have taken in respect of other parts of the country could have been applied, if necessary, to Burma also. The position is now different and the Government of India can no longer exercise any control over conditions in Burma. In view of the importance of their cotton crops the Government of India have been advised not to take any risks. Even cotton seed intended as cattle food may be the means of introducing pests into the country. The Government of India therefore regret their inability to permit the import of cotton seed from Burma in relaxation of the prohibition contained in rule 14 (2) of the rules published with this Department Notification No. F. 320|35-A, dated the 20th July 1936.

APPENDIX III

Restrictions on Indian Passengers at Manila Port

Letter No. 729, dated 16th March 1939, from Chamber to the Secretary, Government of India, Department of Education, Health and Lands, New Delhi.

I am directed to send to you hereby a copy of a letter which my Committee have received from the Indian Chamber of Commerce, Japan, as also a copy of a letter that Chamber has addressed to the Chief of the Immigration Department at Manila.

The complaint is that through Indian passengers travelling by the Lloyd Triestino boats are not allowed to land at Manila which it appears has since recently been made a port of call. Moreover, there seems to be a definite rule to the effect that "no Indians and Chinese allowed on shore." Passengers of other nationalities on board the steamers halting at that port are allowed to go on shore while Indians are obliged to keep on board throughout the whole time of the

stay. This discrimination in treatment is an insult to Indian self-respect.

If the facts as above are correct, my Committee hope the Government of India will be pleased to make diplomatic representations to the Philippine Government through the proper channel for the purpose of putting an end to any practice or rule which has the effect of denying to Indians the rights and privileges commonly enjoyed by other nationalities at the port in question.

APPENDIX 112

Telegram to H. E. the Viceroy regarding Rajkot Developments

Telegram dated 3rd March 1939 from President of the Chamber to the Private Secretary to the Viceroy.

Committee Indian Merchants' Chamber are deeply and seriously perturbed at the announcement of Mahatma Gandhi commencing his fast as a protest against the happenings in Rajkot. Committee seek His Excellency the Viceroy's intervention for getting Thakore Sahib of Rajkot to fulfil his pledge and promise. Repercussions of Mahatmaji's fast bound to be serious and grave all over the country. Committee look to His Excellency who has shown his statesmanship on other occasions to exercise far-sighted statesmanship and to take steps immediately to have the situation set right in Rajkot so that there may be no harm to the most precious life in the country.

APPENDIX 113

Regarding Difficulties Experienced by Merchants in Limbdi State

Letter No. 1248, dated 24th May 1939, from Chamber to the Diwan Saheb of Limbdi.

It has come to the knowledge of the Committee of this Chamber that some time ago a large number of business

people of Limbdi have suddenly left their places of business and their residences in the Limbdi State had gone to the neighbouring States or the British territories on a *hijrat*. Several of these businessmen are connected with or have business relations in the City of Bombay. This Chamber, consisting as it does of business people and with its objective of safeguarding the interests of businessmen, has been deeply concerned with the condition of these people. My Committee are not concerned with any political issues on which there might be any differences of opinion between the State and these businessmen. What they are concerned with principally, however, is that these traders and merchants of Limbdi, who have suddenly left their hearths and homes, are not ruined. Businessmen all over the country, whether in British India or in Indian States, are the very salt of the earth, and the prosperity of the States depends upon the goodwill and the loyalty of these businessmen. In fact in all the Indian States, if my Committee may presume to bring it to your notice, the Mahajans were, once upon a time, trusted of the rulers and were the props and pillars of the States. That such Mahajans should, as a whole, make a *hijrat* and go out of the State, bespeaks that they must have got some grievance, as otherwise, with their traditions and conventions, they would not leave their places of residence, their property and their business connections and go away to other territories.

My Committee are informed that a duty of one anna in the rupee was levied on all goods which were taken or attempted to be taken away from the State ; that some property was taken away on payment of such a duty, and that recently the State has prohibited property being taken away even on payment of such an export duty. This will inflict, if it is true, untold hardships on the merchants and traders, and they will be entirely ruined. It cannot be, or ought not to be, the object of the State to ruin these traders and merchants, who are subjects of the State, and my Committee are sure that the State authorities would not be vindictive or persecuting these people after they have left the State. If through any reason they do not want to return to the State, the State authorities

should not place any insuperable obstacles in their way and specially not do anything which will ruin them permanently. If they are not allowed under any circumstances to take away their property, it will mean that the crops and their property and belongings will be ruined ; that the stuff in their shops will get spoiled, and even their houses and other property may get deteriorated or destroyed.

Under the circumstances, my Committee beg to request you to be pleased to arrange that any merchants or traders, who want to take away their property, will be allowed to do so on payment of the export cess, without any difficulty or interference whatsoever either from the State authorities or from any private individuals. My Committee hope that in the general interests of trade and industries, the Limbdi State will be pleased to issue orders accordingly.

Letter dated 1st June 1939, from the Diwan of Limbdi to Chamber.

I have received your letter of the 24th May 1939 and am sorry to observe that some misunderstanding regarding the export of goods from the town of Limbdi seems to have been created by interested parties as there is no prohibitory order by the State banning such export. If, however, the merchants of Limbdi who have approached you have any grievances they may be advised to approach the Merchants' Association of Limbdi who will do the needful.

Letter No. 1557, dated 20th June 1939, from Chamber to the Diwan of Limbdi.

I am directed to acknowledge the receipt of your letter of the 1st June 1939, for which I thank you. There is no misunderstanding so far as the Committee of this Chamber are concerned. They are glad to note that there is no prohibitory order by the State regarding the export of goods from the State by merchants and businessmen. The Committee, however, are informed by merchants that the State does not permit them to open their shops or to remove their goods even on payment of export duty.

My Committee cannot understand why the merchants should approach the Merchants' Association of Limbdi. These merchants have nothing to do with the said Association nor are they its members. The whole question is a question between the State and these merchants, and my Committee will be glad to be assured by the State that these merchants will have no difficulty whatever in opening their shops and removing their goods on payment of the export duty.

My Committee will be obliged by an early reply as the matter is urgent.

APPENDIX 114

Indian Residents in Addis Ababa

Letter No. 3308, dated 22nd December 1939, from Chamber to the Secretary, Government of India, External Affairs Department, New Delhi.

The Committee of this Chamber are informed of the tribulations and the miseries to which Indian residents of Addis Ababa have been put recently, and are given to understand that copies of the correspondence which has passed between them and His Majesty's Consul at Addis Ababa, as well as His Excellency the Governor of Aden, etc., have been already sent to you, and that they have addressed a direct communication also to your Department. It appears that as soon as the war broke out, they were apprised by His Majesty's Consul that it would not be safe for them to stay in Addis Ababa any longer and that they should evacuate as soon as possible. A copy of a letter addressed by the British Consul-General to the Indian residents is sent herewith. Under the circumstances, they had no other alternative but to leave Addis Ababa at a moment's notice, leaving behind their entire belongings which came to, according to them, four crores Lira, i.e. about Rs. 70 to 80 lakhs. When they left that country, they were given passports in which it was specifically mentioned that those passports were for leaving the country, implying that they would not be serviceable for their again entering the

country. They were allowed to take away only a very petty miserable amount with them, according to them, only about Rs. 12 to 15 each. Many of them for the time being stayed on at Djibouti, while others went over to Ababa and stayed there, naturally all of them being maintained by their friends and relations. When later on it was found that Italy was not one of the belligerent powers, they tried their best to go back to Abyssinia and made all efforts possible to get interested His Majesty's Consul and, through him, His Majesty's Ambassador at Rome. Unfortunately, so far as the information of my Committee goes, they were not able to do anything and the Indians were left with practically no financial resources and suffering all sorts of miseries. Some of them ultimately came over to this country and tried to get the Government of India interested in their affairs. All these Indians residing in Addis Ababa are businessmen, big or small and had settled down in Abyssinia and carried on their business even after the Abyssinian War at great risk, both to their property and person. Being British citizens, it is the duty of the Government of India to see that all these people are again allowed to return to Addis Ababa. It must be noted that they would not have left Abyssinia but for the suggestion made by His Majesty's Consul ; and surely these citizens of the British Empire cannot be allowed to suffer all such miseries without the intervention of the Supreme Power.

Under the circumstances, I am directed by the Committee of this Chamber to approach the Government of India with a request to be pleased to intervene as soon as possible in this connection and to see that these Indian residents of Addis Ababa are again allowed by the Italian Government to go back to Abyssinia and also that the Government of India will be pleased to help them even monetarily and otherwise in going back there. This is the least that Government can do to these Indian residents who are full-fledged citizens of the British Empire.

British Consulate-General,
Addis Ababa,
August 27th, 1939.

Sir,

In view of the present International situation I would suggest that you should urgently consider the desirability of removing your residence from Italian East Africa for the present. Any action you may decide upon as a result of this notice must be taken, of course, entirely on your own responsibility.

You should take immediate steps to communicate the contents of this message to the British Indian community.

I am,
Sir,
Your obedient servant,
(Sd.) Acting British Consul-General.

The spokesman of the
British Indian Community,
Addis Ababa.

APPENDIX 115

Cancellation of Freights by Steamer Companies

Telegram dated 13th September 1939.

Certain shipping companies plying in overseas trade have issued notices to shippers intimating that as a result of the outbreak of hostilities all freight contracts are cancelled. These notices have naturally upset and disturbed the shippers who were all along depending on their freight contracts for fulfilling their own contracts. These notices however have come in their way and will dislocate largely the export trade unless Government intervene. Shippers realise the present abnormal situation but feel that it was not proper to take this extreme step specially as the same freight is offered at increased rates. Continuance of export trade is vitally essential for successful

prosecution of the war. Committee Indian Merchants' Chamber request Government of India to be pleased to use their good offices in this connection.

Letter No. 2422, dated 14th September 1939, from Chamber to Steam Ship Companies.

The attention of the Committee of this Chamber has been drawn to a notice issued by your Company to different shippers intimating to them that "as a result of the outbreak of hostilities all freight contracts are hereby cancelled." These notices issued by the shipping companies have disturbed, to no small extent, the shippers, who have all along closely co-operated with the shipping companies and given them their patronage. They realise that these are war times, but at the same time they also feel that cancellation of all freight contracts has put them in an extremely awkward and, in some cases, even ruinous position. The notice appears to them specially unfair, as the same freight is offered to them at a much increased rate. The shippers have entered into contracts long before and, though the shipping companies have got their own problems at present, they expected that the freight position would be dealt with sympathetically by the shipping companies. The present crisis requires a close co-operation between the shippers and the shipping companies, and my Committee hope and trust that your Company will be pleased to cancel the notices already issued and to give such relief to the shippers as is possible.

Letter dated 20th September 1939, from the Steamer Companies to Chamber.

We have for acknowledgment your letter No. 2422 of 14th instant advising that your Committee requests the Liners to cancel the notice issued by them intimating that all freight contracts have been cancelled as a result of the outbreak of hostilities.

This action was taken in accordance with the terms of the Shipping Orders and we regret we are unable to alter our decision in the matter.

Yours faithfully,

Mackinnon Mackenzie & Co.
Agents, P. & O. and B.I.S.N. Companies.
Per Pro. Killick, Nixon & Co.
Agents, Ellerman's City and Hall Lines Ltd.
Anchor Line Ltd.
Per Pro. James Finlay & Co., Ltd.
Agents, Clan Line Steamers Ltd.
Ellerman's Wilson Line Ltd.

Letter No. 598, *dated 29th September* 1939, *from Chamber to Steam-Ship Companies.*

I am directed to acknowledge receipt of your joint letter dated 20th September 1939, sent to me by you and other liners. My Committee have further considered the matter.

In this connection they have received a letter addressed by several shippers. The contentions raised therein by the shippers have the general support of my Committee.

My Committee hold and believe that the war-clause in the shipping orders, by virtue of which the shipping companies are claiming their right to cancel the contracts in question, would come into operation only if and when the performances of the shipowners' obligations under the contracts are, on account of the war conditions, made either unsafe or impracticable. The very fact that the shipowners are offering the same freight at enhanced rates makes it obvious that such a state of affairs does not exist or has not developed.

Apart from the question of the legal right or otherwise of the shipping companies to cancel the contracts in question, the matter has also to be viewed from the standpoint of the moral duty of the shipping companies to stand by the shippers in enabling them to fulfil their own commitments. The shippers have made contracts with their foreign merchants and agents for the supply of goods at different periods on

C.I.F. and other terms, and in order to enable them to do so they had covered themselves by entering into corresponding arrangements with the shipping companies for purposes of freight. So long as normal sea transport facilities between this country and countries of destinations of such contracts exist, the shippers cannot, by reason of the shipping companies having cancelled their freight contracts, consider themselves absolved from fulfilling their part of the engagements with their foreign buyers. It is, therefore, but fit that, in the circumstances that have developed, the shipping companies, who have all along enjoyed the patronage from the shippers, should co-operate and assist the latter in their effort to fulfil their commercial engagements. This is all the more necessary in the present situation, where the normal movement of goods between this country and the allied countries is one of the essential prerequisites for the successful prosecution of the war.

I am, therefore, directed by my Committee to request you and other liners concerned to reconsider the matter and to allow the existing forward contracts to run through in accordance with their original terms ; as otherwise the present position, in which while on the one hand the shipping companies are cancelling their old contracts and on the other hand they are offering freight for the same destinations at enhanced rates, is open to the criticism that the shipping companies are only trying to take shelter under an omnibus War-clause to evade their contractual obligations and are trying to exploit the situation to their own advantage.

APPENDIX 116

Chemdyes Limited

Letter No. 2493, dated 21st September 1939, from Chamber to the Secretary, Government of India, Department of Supply, Simla.

The attention of my Committee has been drawn to the restrictions imposed, under the Orders of the Government of India, on the trading activities of Messrs. Chemdyes, Ltd.,

importers and dealers in colours and chemicals essentially required for the various industries in the country. It would appear that on the outbreak of war, there were certain doubts regarding the status and ownership of this Company and the Controller of Enemy Firms took charge of its affairs with a view to investigate the matter. After such investigation the Company was permitted to resume trading.

Subsequently, it is understood that under instructions from the Supply Department the Company was again asked to stay its hands and not to resume trading or to fulfil the engagements it had already made. My Committee understand that this step was taken by Government with a view to finding out the list of commodities or stocks of the Company on which Government should have prior claim of supply for war purposes. Millowners and other merchants have entered into contracts with the Company even prior to the emergency for the supply of dyestuffs and chemicals for their industrial and other requirements. These supplies are now being delayed and the industries concerned are placed in a difficult position. Government themselves have recognised the necessity for continuing the manufacturing activities, particularly of key industries like the Cotton Textiles, unimpaired during the period of emergency ; and if difficulties are placed in the way of the regular supplies of essential chemicals and materials, this object will receive a set-back. In the interests, therefore, of the textile industry and other manufacturing artivities it is highly desirable that Government should withdraw the restrictions on the trading activities imposed on the above Company at an early date and allow it to resume normal trading and particularly to fulfil the contracts already made.

My Committee request that the Government of India will be pleased to consider this matter sympathetically and to issue necessary instructions without any loss of time.

Letter No. 1|89|15,*dated* 26*th September* 1939, *from the Deputy Controller of Enemy Firms, Bombay Circle to Chamber.*

I have the honour to inform you that an arrangement has been arrived at with the above Company by which they will

resume the marketing of their existing stocks. The arrangement stipulates that all issues of stocks will be on a strictly rationed basis and it is in this connection that I desire to enlist your aid. My request is that you will ascertain as far as possible that all indents for stocks made by members of your Association (which should be addressed to Messrs. Chemdyes Ltd., direct in the usual way) are in conformity with the actual needs of their businesses, due allowance being made in this respect for such stocks as they may already have on hand, and that such stocks as are supplied are utilised only to meet such needs and are not disposed of in any other manner.

2. Your assistance in this matter will be much appreciated.

APPENDIX 117

Export of Wool

Letter No. 2492, dated 21st September 1939, from Chamber to Central Board of Revenue, Simla.

The attention of my Committee has been drawn to a notice issued by the Collector of Customs, Bombay, dated 11th September 1939, pursuant to a notification under Section 19 of the Sea Customs Act issued by the Government of India on 8th September, prohibiting the export of wool, raw, by sea or by land out of British India except under a licence granted by the Collector of Customs. It is proposed that licences should be given only to those shippers who on the yearly average of the last three years shipped 500,000 lbs.

While my Committee realise that during the war emergency, some restriction may be necessary in the export of raw wool, they feel that the arrangement proposed would involve an injustice to smaller shippers. The limit proposed would confine the business to a few hands doing export business on a large scale. The order, therefore, is open to the objection that it places the smaller man in an invidious position and discriminates in favour of people with a larger turnover. In order, therefore, to remove this cause for legitimate grievance,

my Committee would suggest that licences should be given to all shippers who on an yearly average of the last three years shipped to the extent of 100,000 lbs.; and for the purpose of computing this quantity the export by a shipper from all the different Indian ports should be taken into consideration.

My Committee request that the Government of India will be pleased to consider this matter favourably and to revise the conditions for the issue of licences, on the lines indicated above.

Letter No. 43|W|2|39, dated 3rd October 1939, from the Deputy Secretary, Government of India, Department of Commerce to Chamber.

I am directed to acknowledge the receipt of your letter No. 2485, dated the 20th September 1939, and to say that the Government of India have reconsidered the question of the licensing of exports of raw wool and have issued revised instructions to the Collectors of Customs in the matter. I am to ask that if you wish to export wool in future you should address the Customs authorities of the port from which you propose to ship the goods who will deal with applications for the grant of licences in the light of the instructions received by them.

APPENDIX 118

Exports to Neutral Countries

Letter No. 2670, dated 9th October 1939, from Chamber to Collector of Customs, Bombay.

Under Commerce Department, Government of India, Notification dated 25th September 1939, various restrictions are imposed on the exports from India of goods mentioned therein. Under Part-E of the schedule attached thereto, exports of various raw materials like cotton, oilseeds, etc., to neutral countries are permitted only under licences issued by the Customs authorities. Merchants interested in such export trade, however, have informed my Committee that on enquiry at the Customs Office it would appear that necessary instructions regarding the terms and conditions of such licences

have not yet been received from the Central Government. In the absence of such instructions, export trade is held over and merchants concerned are kept in suspense. This uncertainty has made it impossible for exporters to negotiate fresh business for neutral countries. Moreover, goods in fulfilment of earlier contracts are also awaiting to be shipped. These factors are tending to affect the prices of such export commodities, particularly cotton. My Committee have, therefore, to request you that the formalities connected with permission for exports be expedited, so that normal business and movement of goods to export markets in neutral countries may be restored.

My Committee hope that this matter will receive the early attention of your Department.

Letter No. SI-190|39-W, dated 11th October 1939, from Collector of Customs, Bombay, to Chamber.

I have the honour to refer to your letter No. 2670, dated the 9th October 1939, on the above subject, and to state that on receipt of the orders of Government the procedure to be followed for obtaining licences for the export of articles on the prohibition list was described in detail in this Custom House Notice War No. 13, dated the 3rd October 1939, which has been posted on the Notice Boards in this Custom House for the information of the public. You are therefore requested to advise the Members of your Chamber to follow the procedure indicated in the notice cited above.

APPENDIX 119

Supply of Chemicals Required for Sugar Industry

Letter No. 2937, dated 8th November 1939, from Chamber to the Secretary, Department of Commerce, Government of India, New Delhi.

My Committee have received a complaint from some sugar manufacturers in regard to the difficulty experienced in obtaining from overseas the supplies of chemicals, both manufacturing as well as laboratory, required for the manufacture

of sugar and for cane growing, such as sulphur, ammonium sulphate, etc., contracts for which had already been placed by sugar factory owners before the outbreak of war. The lack of these essential chemicals is a great hindrance in the way of the industry as well as agriculture and my Committee will be obliged if Government will be pleased to let them know as to what steps are being taken to get these essential chemicals for both industry and agriculture.

Letter No. 7299, dated 1st December 1939, from Government of India, Department of Supply, New Delhi to Chamber.

I am directed to refer to your letter No. 2937, dated the 8th November 1939, addressed to the Commerce Department.

2. Supplies of sulphur from normal sources are available and this Department has been in communication on this subject with the Indian Sugar Syndicate, Calcutta. It is understood that the Syndicate have already purchased large quantities of sulphur from America. Certain firms in India are also placing orders for supply of sulphur on Italy and Japan.

3. Messrs. Imperial Chemical Industries (India) Limited, Calcutta, have informed this Department that supplies of ammonium sulphate will shortly be available and it is suggested that further enquiries in this connection may be addressed to the above firm.

4. As regards other chemicals, this Department would be in a better position to advise if you could furnish a list of the particular chemicals which you were finding it difficult to obtain.

Letter No. 3220, dated 13th December 1939, from Chamber to the Secretary, Government of India, Department of Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. 7299, dated the 1st instant, contents of which are noted.

I have received information from industrialists concerned that they experience difficulty in getting supplies of the following chemicals, information about the sources from which the same can be obtained may please be furnished.

Hyflo Supercel,
Nicifos Grade I,
Blankit H, (Hydro-Sulphate of Soda),
Caustic Soda Flakes,
Light Soda Ash,
Washing Soda,
Tropical Chloride of Lime,
Horns Dry Lead of—Subacetate.

APPENDIX 120

Manufacture of Chemicals in the Country

Letter No. 3264, dated 16th December 1939, from Chamber to the Secretary, General Department, Government of Bombay.

I am directed by my Committee to address you in connection with the question of development of industries in the Presidency.

With the outbreak of war, difficulties are being experienced in obtaining normal supplies of industrial products, which were being hitherto met from imported sources. Essential chemicals required for industries are instances which may be prominently mentioned in this connection.

The possibilities of manufacturing such chemicals and other industrial products in the country need to be seriously examined, and my Committee consider the present time opportune for the purpose. In this connection, my Committee have seen a copy of a Memorandum submitted to the Government of Bombay, last year, by the Chemists of the Presidency, containing suggestions for the development of industries in the Presidency. One of the most important suggestions in that Memorandum was that a Provincial Scientific and Industrial Research Council be appointed by Government consisting of industrialists, technical experts, researchmen, marketing officers, economists, etc., so that such a Body should take the initiative in all matters pertaining to industries and advise Government in starting and developing industries in the country. My Committee are generally agreed

with the above suggestions and would like to know if Government have considered the same and, if so, what action they propose to take.

My Committee repeat that the opportunity created by the present emergency should be taken advantage of and efforts should be made to investigate the possibilities and also to promote the development of all such industries in the Presidency.

APPENDIX 121

Attack on Indian Businessmen by the Finance Member of the Government of India

Statement dated 27th March 1939 from Chamber to Press.

The Committee of the Indian Merchants' Chamber have seen with the deepest regret the statement made by the Hon'ble the Finance Member condemning what he calls the big business of India. The Hon'ble the Finance Member during his regime has acted against the best interests of the industries and commerce of the country and has practically declared himself an opponent of Indian merchants and industrialists. There was no necessity for him to go out of his way and attack the big business as he has done in his last speech in the Assembly and to attack also the Leader of the Opposition in whom the commercial community have full faith and confidence. Sir James Grigg refers to Indian businessmen as exploiters. It is however not the Indian exploiters who harm the country, but the exploiters coming from outside who have no interest in the country and who have no sympathies with the people. It is extremely wrong and cruel to say that racial hatred has been engendered by Indian businessmen as in this country both Indian and English businessmen have pulled on all along very well together. If there are differences of opinion with regard to certain theories or methods of procedure this should not be made to mean that there is any racial hatred. The Committee hope and trust that Sir James Grigg will feel before he leaves the shores of India that he has done an injustice in his above remarks and withdraw them.

APPENDIX 122

Constitution of the All-India Accountancy Board *

Letter No. 871, dated 1st April 1939, from Chamber to the Secretary, Government of India, Department of Commerce, New Delhi.

I am directed to refer to your Notification No. 9-A(3)|37 of the 11th March 1939, regarding draft of certain amendments to the Auditors Certificate Rules, 1932 and to send to you hereby the views of my Committee on the proposals therein.

In submitting their views on the tentative scheme published on 2nd June 1938 my Committee had in their letter dated 12th August 1938 indicated the modifications necessary in the scheme so as to make the proposals for the introduction of elective principle in appointments to the Indian Accountancy Board acceptable to the Indian commercial community. My Committee note that though the draft rules under reference represent a distinct improvement from the original scheme, they cannot help pointing out that even the said rules have to be considerably modified before the scheme can claim general support.

First and foremost, they wish to reiterate their objections to the proposed distinction between approved accountants and registered accountants in the matter of candidature for the elective seats to be filled by election by members of the profession. My Committee had already pointed out that the distinction was not made by the Companies Act, but was introduced by the Rules made by Government in the matter. There have also been complaints regarding the present procedure in the matter of dealing with applications for being put on approved list. As against a total number of Registered Accountants of 649 (31st March 1938), the number of approved accountants was only 125 and my Committee see no reason why the profession should be restricted in the choice of their representatives to the latter class only. The proposal of Gov-

* For previous correspondence, please refer to report 1938 page 534.

ernment gives an undue importance to a class of accountants artificially created by the rules made by them. My Committee are strongly opposed to the whole idea of introducing this restriction in the matter of the right to stand for election and they suggest that all the registered accountants should be eligible for being chosen for the elective seats allotted for the members of the profession.

In the tentative scheme there were only two seats proposed to be filled by Government nomination excluding, of course, the 4 seats for business representatives. My Committee now find that the seats to be filled by Government nomination have been increased to 6. While introducing the elective principle my Committee cannot see the justification for providing for a large number of nominated members. They, therefore, suggest that Government nomination should be reduced to two.

In the tentative scheme business interests were to be given representation by 4 seats. My Committee realise that in the original proposal those seats were to be filled by Government nomination. While now the power is given to the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce to nominate the persons to represent business interests, the number of seats has been reduced from 4 to 2. My Committee suggest that this number should be increased to 4, two for the Federation of Indian Chambers of Commerce and Industry and two for the Associated Chambers of Commerce. It may also be provided that the said bodies should elect their respective representatives. At present the rules provide that the representatives will be nominated by the bodies in question. It is also provided that only registered accountants shall be eligible to be nominated by the above two bodies as representatives of business interests. My Committee feel that there is no necessity for imposing such a limitation on the bodies and they should be free to nominate whomsoever they like. The underlying idea of giving representation to business interests on the Board is that the viewpoint of business may be adequately placed before that body. The professional viewpoint

will be sufficiently represented by the elective seats allotted for the profession and there is no need for a further restriction that the business representatives shall also be members of the profession. The personnel of the present Accountancy Board consists of businessmen who are not members of the profession.

My Committee hope that Government will be pleased to accept the above suggestions and to make the necessary changes in the rules.

APPENDIX 123

Dual System in the Bombay High Court

Letter No. 1267, *dated* 25*th May* 1939.

From the reports appearing in the press and from the statement made by the Honourable the Home Minister at the last session of the Bombay Legislature, it appears that the Government of Bombay are at present considering certain changes in regard to the dual system as also in regard to the Court Fees payable on the Original Side of the Bombay High Court. In this connection, the following statement appears in the May issue of the Public Information Series, Bombay:—

> "Government has therefore come to the decision that the whole Bar should be unified and the dual system should be done away with, but the question of seniors like K.Cs. in England should be adopted throughout the Province. . . . The Court fees on the Original Side should be so fixed as not to result in a smaller net revenue to Government than if the Court Fees Act were applied."

My Committee would like to have full details of the proposals of Government in this regard so as to enable them to consider the same and to submit their views to Government.

I am, therefore, directed to request you to kindly forward to my Committee a full statement of the proposals in contemplation.

Letter No. 555|4|B, dated 9th June 1939, from the Secretary, Government of Bombay, Home Department to Chamber.

With reference to your letter No. 1267, dated the 25th May 1939, regarding the abolition of the dual system in the High Court, I am directed to state that the Indian Merchants' Chamber will be informed when the scheme is ready.

APPENDIX 124

Growing of Cinchona and Eucalyptus Plants in the Bombay Presidency

Letter No. 1711, dated 5th July 1939, from Chamber to the Secretary, Department of Public Health, Government of Bombay.

It has been acknowledged that the supply of Quinine in the country is not adequate to meet the requirements in this regard. My Committee would like to know if Government have considered the possibilities of growing Cinchona and Eucalyptus plants in the forest areas or other suitable places in high altitudes, and, if so, whether any action in this direction is proposed to be taken. Having regard to the importance of this matter from the point of view of public health, if Government have not examined the question already, my Committee request that the matter may be considered and the possibilities of such cultivation examined. My Committee would like to hear from Government in the matter at an early date.

Letter No. S-23|12250D, dated 15th August 1939, from the Junior Assistant Secretary to the Government of Bombay, General Department to Chamber.

With reference to your letter No. 1711, dated the 5th July 1939, on the subject noted above, I am directed to state that the question of the Cinchona cultivation has engaged the attention of this Government for some time past and the officers were instructed to submit a scheme for it. The matter could not, however, be proceeded with further as it was announced that the whole question of cultivation of Cinchona throughout India was coming under the examination of the

experts of the Imperial Council of Agriculture Research. The report of the experts has recently been published, and the question of its cultivation in the Kanara District is being examined further in the light of its recommendations by the Government officers from whom an experimental scheme is awaited. I am to add that the Chamber will be informed when a final decision in the matter is reached by this Government.

2. As regards the cultivation of Eucalyptus plants I am to inform you that the matter has been referred to the Revenue Department for disposal which will inform you of the Government's decision in due course.

Letter No. 5429/A/33, dated 11th December 1939, from the Under Secretary to the Government of Bombay, Revenue Department to Chamber.

With reference to your letter No. 1711, dated 5th July 1939, on the subject mentioned above, I am directed to state that the experimental work on the cultivation of different varieties of eucalyptus at the Ganeshkhind Gardens, Poona, indicates that several varieties, notably E. rostrata and E. paniculata germinate and grow well under local conditions at Poona. Besides the following eucalyptus species were successfully grown from seeds in pots in the Economic Botanist's area on the Agricultural College premises. These seedlings grew well and after a year were transferred to Ganeshkhind Fruit Experimental Station, Kirkee, for further planting in 1933-34 :—

1. Eucalyptus stricta.
2. Eucalyptus odorata.
3. Eucalyptus cordata.
4. Eucalyptus robusta.
5. Eucalyptus occidentalis.
6. Eucalyptus alba.
7. Eucalyptus falcata.

2. The cultivation of the above species as well as *Eucalyptus citriodora* and *Eucalyptus viminalis* is particularly suitable for the tropics. No trials of eucalyptus cultivation on a

plantation scale have however been made in any part of the Province by the Agricultural Department so far.

3. Efforts were made by the Forest Department in the past to introduce Eucalyptus at Mahableshwar in the Satara Division but without success. It has been established definitely that Eucalyptus stands no chance of flourishing in the Mahableshwar area.

4. Some plants were raised in a nursery at Matheran also in the Kolaba Division in the year 1934-35 but they died when transplanted in the following year, due to the peculiar weather conditions prevailing at Matheran during the monsoon months. The experiment was, therefore, given up.

APPENDIX 125

Training of Indian Students in Banks in England

Letter No. 487, dated 22nd February 1939, from Chamber to the Governor, Reserve Bank of India, Bombay.

The attention of my Committee has been drawn to the following observations made by you in your speech at the Annual Meeting of the Shareholders of the Reserve Bank of India held at Madras on 6th February 1939 :—

> "'In this connection it must also be borne in mind that good banking laws alone are not sufficient for the healthy development of banking in the absence of good bank officials. With the growing number of commercial colleges and the establishment of the Institute of Bankers, India is being equipped with a steadily increasing number of such trained bankers. The need for such trained personnel is specially felt in the case of the co-operative movement whose great potentialities for rural uplift have not yet been fully explored."

The need for such trained personnel has often been recognised. The Central Banking Enquiry Committee also stressed the importance of banking education in the proper development of banking in the country. With the growth of commercial colleges and the advent of the Institute of Bank-

ers much is being done in this regard. It is, however, felt that the opportunities available for Indian students for practical training are limited ; the number of Indian Joint Stock Banks are few and the opportunities for specialised education in such banks are limited.

My Committee, therefore, feel that in order to meet adequately the demand for trained personnel, it is necessary that a scheme should be evolved by which Indian banking students may be sent abroad for practical training in banks in England. They are aware that in the past private efforts have been made to get admission occasionally to Indian students in such foreign banks, but such spasmodic efforts will not meet the requirements of the situation. Even here complaints are frequently heard that Indian students with the highest banking qualifications find it difficult to get admission into any banks in England with a view to having some practical experience. This reluctance on the part of English bankers to give facilities and opportunities for Indian students can only be removed if the authorities of the Reserve Bank of India with the support of the Government of the country intercede in the matter and come to some arrangement with the banking institutions in England. A regular scheme, whereby a fixed number of, say, 10 or 15 bank officials are sent every year for apprenticeship in recognised English banks, has to be evolved. Under such a scheme the expenses in sending out such people for training should be borne by the Reserve Bank or co-operative banks or other banks concerned who are to benefit by the training obtained by such students. My Committee are only indicating the broad features of the procedure to be followed in any such scheme. The details and the exact manner and method of recruiting such apprentices paying for their expenses, etc., can be settled by the Board of the Reserve Bank, if necessary, after consultation with such co-operative and other banks, who will be prepared to join hands in this effort for supplying trained personnel for the Indian banking system. At any rate, my Committee are firmly of the view that the time has come when a concerted attempt should be made to obtain opportunities

and provide facilities for Indian banking students to get themselves fully equipped by practical experience for a banking career.

My Committee request that this matter should be considered by the Reserve Bank and they would be glad to have the views of the Board of the Bank on the proposal in question.

Letter No. C.O.R. 622|352-39, dated 23rd March 1939, from the Governor, Reserve Bank of India, Bombay to Chamber.

Your letter of the 22nd February on the subject of the training of Indian students in Banks in England was considered by the Committee of the Central Board and I am desired to reply as follows.

2. So far as the Reserve Bank itself is concerned, members of the staff are encouraged to pass the examinations of the Indian or English Institute of Bankers by the offer of honoraria to successful candidates. As regards training abroad, Indian officers are given facilities for the study of banking conditions in foreign countries while on leave and the Bank gives them all possible help, financial and otherwise. It will thus be observed that the Bank already does what is necessary in the cause of banking education under the existing arrangements which for their purpose are considered adequate and satisfactory.

3. With regard to other banks in India, it is understood that some of them already have arrangements with their correspondents abroad whereby a certain number of their Indian employees are received for training every year. Such arrangements would appear to be on the right lines inasmuch as it is desirable that students who go abroad should have previous banking experience and connections in India to facilitate their employment on return to this country.

4. I am desired to say that the paragraph in the speech of the Governor at the Annual General Meeting of shareholders to which you refer was intended to call attention to the presence of facilities for training in India which now exist but which were formerly lacking, and to suggest that a greater use might be made of them by banks in this country.

5. The Committee are of opinion that the number of students trained in banking, judging by the Reserve Bank's own experience when inviting applications for posts, is already in excess of the demand, and that what is primarily required is that banks in India should encourage their existing staff to take advantage of the facilities for training now offering in India, and generally to encourage a theoretical training in this country. So long as the supply of Indian trained bankers is in excess of the demand, there are obvious objections to extending facilities for study abroad except to those who have already security as to their employment on their return.

Letter No. 866, dated 31st March 1939, from Chamber to Member Banks.

I am directed to send to you herewith copies of correspondence that has passed between this office and the Reserve Bank of India regarding the facilities for training of Banking students.

In para 3 of the reply from the Reserve Bank, mention is made of existing arrangements between Indian banks and their agents abroad in regard to provision of facilities for training certain number of employees every year. My Committee would like to have the details of any such arrangement between your bank and your foreign agents.

My Committee would also like to have the views of your bank on any points arising from the reply received from the Reserve Bank. It may be added that my Committee intend to pursue the matter further in the light of suggestions and views received from member banks and it is with this end that your suggestions in the matter are invited.

APPENDIX 126

Inter-Universities Conference

Letter No. 567, dated 1st March 1939, from Chamber to the Vice-Chancellor, University of Bombay, Bombay.

"With reference to the University Conference which is being held now in Bombay, I am directed by the Committee of this Chamber to draw your attention to the necessity of

taking up the items of (1) the re-organisation of Education, and (2) the problem of unemployment, before the University Conference.

With regard to item (1), a definite scheme is required (*a*) to make science and research training of commercial value, and (*b*) to bring about a closer contact of the laboratories with the factories so that Education and experiments may be of help and value to industries, both cottage and small and large scale.

With regard to item (2), in order to mitigate the hardships of the educated unemployed, the University should, in the opinion of my Committee, keep an up-to-date Register of the unemployed Graduates and under-graduates. Such a Register will be useful for trade and industries, as also professions and public, municipal and Port Trust services. It will also be giving a timely and much-needed help to the educated youngmen who are wandering on the streets in search of employment.

2. I am directed also to request you to be good enough to bring forward the following resolutions before the University Conference :—

"I. That the film is a recognised medium of instruction all over the world and that the Inter-University Conference should adopt it as a medium of instruction and invite all educational institutions under their control to equip such institutions with suitable machinery to show educational subjects.

II. That the Inter-University Conference should insist on the Government for a greater grant to the educational institutions to cover the extra expense of establishing visual instruction on these lines.

III. That each University should subsidize the production of a certain number of educational shorts every year, which films may be exchanged for use by different institutions."

Any action taken by you on the above lines before the University Conference will be much appreciated by my Committee.

Letter No. 3340, dated 8th March 1939, from the Registrar, University of Bombay, Bombay, to Chamber.

I have the honour by direction of the Vice-Chancellor to acknowledge the receipt of your letter No. 567, dated the 1st March 1939, addressed to him asking him to place before the Universities Conference certain resolutions mentioned therein.

I am to point out that your letter was received by him too late for being placed before the Conference, as by the time your letter was received the Subjects Committees of the Conference had framed their resolutions for being placed before the Conference. I may further point out that the procedure followed with regard to items to be discussed at the Conference is that the constituent Universities send up proposals for consideration a couple of months before the date of the Conference to the Secretary of the Inter-University Board. These proposals are considered by Subjects Committees into which the Conference breaks up on the first day and the Subjects Committees frame their own resolutions thereon for being discussed and voted upon in the open Conference. It is not permissible to bring any item of business before the Conference which has not been placed before the Subjects Committees and considered by them. The last Conference split up in the several Committees on the morning of the 1st March and by the time your letter had arrived, some of the Subjects Committees had finished their business.

The Vice-Chancellor has, however, asked me to inform you that he will forward your letter to the Secretary, Inter-University Board, India.

APPENDIX 127

Unemployment Statistics and Recording

Letter No. 2932, dated 8th November 1939, from Chamber to the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay.

With reference to the correspondence ending with your letter No. 2658|34-B, dated the 31st July 1939, my Committee

will be obliged if you will be kind enough to let them know if you have heard anything further from the Central Government in regard to your suggestion that advantage should be taken of the 1941 Census to make a determined attempt to place the Indian occupational and employment statistics on a stable and scientific basis and their scope should be considerably widened with a view to ascertain the number of persons gainfully occupied and their occupational distribution.

Letter No. 2658|34B, dated 18th November 1939, from the Secretary, Political and Services Department, Government of Bombay to Chamber.

With reference to your letter No. 2932, dated the 8th instant, I am directed to state that the Government of Bombay has not received so far any information from the Central Government in connection with its recommendation to place the Indian occupational and employment statistics on a stable and scientific basis and to widen their scope to ascertain the number of persons gainfully occupied and their occupational distribution.

Letter No. 3116, dated 29th November 1939, from Chamber to the Secretary, Political and Services Department, Government of Bombay.

I am directed to acknowledge receipt of your letter No. 2658|34-B, dated 18th November 1939, on the above subject, the contents of which are noted.

In this connection I am directed to send to you a copy of a letter which my Committee have addressed to the Government of India. It would appear from the Press report referred to therein that Provincial Governments are being consulted in regard to the extent to which the forthcoming Census should be limited in view of the war. My Committee request that the Government of Bombay should express themselves against any such limitation and should support the view taken by them for making the Census as elaborate as possible and particularly for including unemployment and occupational statistics.

APPENDIX 128

Resident Excise Staff at Sugar Factories

Letter No. 1179, dated 15th May 1939, from Chamber to the Secretary, Government of India, Central Board of Revenue, Simla.

My Committee are informed that the Central Government are maintaining resident preventive staff consisting of an Inspector and some constables at the sugar factories in the Bombay Presidency. This practice, according to the information of my Committee, is not followed in respect of factories in other provinces particularly in U. P. and Bihar, where more than 80 per cent of the sugar mills are located. My Committee, therefore, are unable to understand the need for the presence of such a staff in Bombay. The expenditure on this establishment is also, having regard to the financial stringency through which the Central Government are passing, avoidable.

My Committee realise that the Central Government must be assured of their revenue in full in respect of excise duty leviable on sugar. The sugar factories are worked and run by joint stock companies who maintain accounts in the prescribed forms whose figures of turnover and sales, etc., are subject to audit. Moreover, under the rules prescribed by the Government of India in regard to sugar factories such companies are required to maintain information tabulated in the prescribed forms and these are open for the inspection of the authorities. The chances of any loss to Government by an evasion of the duty are remote and the provision of the resident staff cannot be justified on the ground of safeguarding Government revenues. If Government revenues are collected without such staff in other centres, it stands to reason that the same procedure may well be adopted for Bombay also.

The sugar factories in the Bombay Presidency are feeling very strongly that the mills in this Presidency alone should not be singled out for such steps of extra supervision. My Committee, therefore, request that Government will be

pleased to revise the arrangement and do away with the requirement of resident preventive staff at the sugar factories in this Presidency.

Letter No. 424, dated 15th February 1940, from Chamber to the Secretary, Central Board of Revenue, New Delhi.

I am directed by my Committee to refer to this Office No. 1179, dated 15th May 1939, on the above subject.

My Committee had, therein, pointed out that the present practice of having a resident excise staff consisting of an Inspector, an Assistant Inspector and about 4 constables at each sugar factory, was neither necessary, nor in keeping with the practice obtaining elsewhere in the country, particularly in the United Provinces.

The main object of the procedure in question may be deemed to be the safeguarding of Government revenue. It is pertinent to point out that most of the factories in question are owned and run by Joint Stock Companies, who keep regular accounts of their production and turn-over. These accounts, again, are audited in conformity with the requirements of the Indian Companies Act. There is, therefore, a correct record of the figures of production of the factories concerned. From these records, it is possible for Government to arrive at the exact figures for purposes of tax due to them on account of Excise ; and so far as my Committee can see there is no chance of any evasion of payment. Furthermore, under the requirements in connection with the Sugar Production Rules, the companies in question are also required to maintain information about production, etc., tabulated in the prescribed forms and these are open for inspection of the authorities.

In the United Provinces, where the number of sugar factories is much larger and consequently the Government revenue involved greater, my Committee understand there is no such system in force. It would appear that the Central Excise Staff carries on periodical inspection from factory to factory. The day-to-day working has not to be carried out under the direct control or supervision of any such excise staff.

The existence of a resident excise staff in Bombay factories and procedure connected with the exercise of their powers of supervision have presented practical difficulties. During the period of continuous working, the factory owners have been put to much inconvenience because of the fact that the excise staff were expected to work only during scheduled hours. Any despatch of sugar or any other process, which has normally to be carried on under the supervision of Government staff cannot thus go on beyond stipulated hours, with the result that during busy periods the work in the factories is hampered.

My Committee would also like to mention in passing that those in charge of the industry feel that Government are, by insisting on resident excise staff, by implication, attacking their integrity.

My Committee, therefore, request that this matter may be carefully considered by the Central Board and that the Northern India system of control of sugar factories be introduced in the Bombay Presidency also.

APPENDIX 129

Statistics by the League of Nations

Letter No. 3214, dated 13th December 1939, from Chamber to the Secretary-General, League of Nations, Geneva (Switzerland).

I am directed by the Committee of this Chamber to bring to your notice the feeling here that in the publications of the League, statistics relating to India are not included in as full and complete a manner as those relating to other countries.

For instance, the World Economic Survey for the year 1938-39 published recently contains on page 84 a statement of estimates of national income for the various countries. No estimate, however, is given of the national income of India. The League publications are intended to give a comparative idea of the matters and conditions obtaining throughout the

world. If in such information there is any lacuna in regard to an important and a big country like India, the population of which is one-fifth of the whole world, the purpose served by the figures, viz., presenting world affairs in a collated form, will not be served. Similarly, in the same publication in the statistics relating to employment, industrial production, etc., Indian statistics are not included.

Such omissions, apart from detracting the usefulness and completeness of the publication as an international conspectus, give occasion, naturally, to feelings of dissatisfaction in this country regarding the attention paid to Indian affairs by the League. India is one of the original Members of the League and has been and is contributing substantially to its annual budget. It is but fair and proper that matters and affairs pertaining to this country should be as adequately and prominently dealt with as of the other important countries comprising the membership of the League.

The supporters of the League have often claimed that whatever be its record of work in the political sphere, in the social and economic spheres it has justified its existence and has brought about results which may be deemed to be satisfactory. The above claim for results achieved in the spheres of social and economic collaboration is likely to be assailed if omissions of the kind referred to above are not rectified.

My Committee hope that you will be good enough to give this matter your early attention and to arrange that in the future publications of the League, complete information in regard to matters pertaining to India are given.

Letter No. 10B|39816|221, *dated* 17*th February* 1940, *from the Secretary, League of Nations, Geneva, to Chamber.*

I have to acknowledge the receipt of your letter, No. 3214, of December 12, 1939, and to ask you to convey to the Committee of the Indian Merchants' Chamber my appreciation of the interest taken in the publications of the Economic Intelligence Service of the League of Nations.

With reference to the information concerning India given in the World Economic Survey, a glance at the index

on page 239 will show you that many of the most important points concerning the economic and financial situation of India are fully discussed. These are the only points on which satisfactory information was available here. As regards national income, I only became aware after the volume had gone to press of the existence of an estimate of India's national income made by G. Findlay Shirras. If it is decided to include a study of the available estimates of national income in the next edition of the World Economic Survey, Mr. Shirras's estimate will certainly be considered for inclusion.

The reason why no mention is made of employment and industrial production is that there are, as far as I am aware, no satisfactory indices covering the whole country. The Calcutta journal *Capital*, publishes separate indices relating to certain branches of industrial activity, but the Editor informed me in reply to an enquiry that the indices in question probably covered only about 50% of the total industry of the country and that "judging by the rate of statistical development in this country, we can hardly hope to initiate a general index of industrial production for this country in the immediate future".

With regard to the general problem of the supply of statistics concerning economic and financial conditions in India, the League Secretariat has endeavoured throughout the past twenty years to secure as complete a documentation as could be readily obtained from the Indian authorities. Official data on numerous subjects are furnished regularly every month by the Department of Commercial Intelligence and Statistics at Calcutta for the League's Monthly Bulletin of Statistics and more comprehensive information once a year for the Statistical Year-Book to which I should like to refer you. Moreover, full use of all authoritative information available here is made in all the other publications of the Economic, Financial and Transit Department. But I am anxious to see our documentation on India further improved. I should be glad if your Committee would call my attention to any source of information which appears to it to have escaped my notice or to be unknown to the Secretariat.

APPENDIX 130

Amendments to the Building Regulations and By-laws of the Bombay Municipality

Letter No. 2785, dated 19th October 1939, from Chamber to the City Engineer, Bombay Municipality, Bombay.

With further reference to your letter No. EB 5446|O of the 8th August 1939, my Committee have received the accompanying suggestions and comments on the various changes proposed, from some of their architect-members. Having regard to the fact that the views of my Committee are required before the 22nd October 1939, it has not been possible for them to go into these suggestions in detail and to examine them thoroughly. My Committee, however, hope that the suggestions and views put forward therein will receive your due consideration and will be taken into account in making further modifications in the amendments proposed.

My Committee understand that you are having conferences and discussions with architects and others interested in the matter of the proposed revision of the building regulations and by-laws. As a result of the suggestions made by such interests, the proposals in regard to amendments may be further modified. My Committee request that they may be supplied with a copy of the amendments that may be ultimately proposed as a result of these conferences and discussions, so that they may have an opportunity of examining the final changes and offering their views on the same. My Committee hope that this request will be favourably considered by you and that they will be given an opportunity of examining the proposals and amendments in their final form.

Views of the Committee on :—

BY-LAWS

Page No. 4. By-Law 1 : Cross Wall. It is not clear why an angle of 60 degrees is specified. It should be lowered to 45 degrees, because there are many buildings where cross walls meet at angles up to figure, without much affecting the strength.

Page No. 17. By-Law 4(c) : Showing of Materials by Colours. It would be a very long process to show these on all walls, and on all floors and in eight scale drawings it would not be quite possible, and it would not serve the purpose better. It would be sufficient if the names of these materials are written. The clause should be amended.

Page No. 18. By-Law 4 (c) : Drainage Lines. This would be found to be impracticable in practice, as the Municipal Records regarding the depths of sewers are not available to the practising Architects and it is a question whether even the records in this respect are complete. It should be sufficient if along with the line of drainage the gradient is given. We have had concrete instances when even the Municipal staff did not know the levels and it was only after some unnecessary excavations had been done, the correct levels were found. Besides to get even the levels marked on the Municipal records, the Architects will have to rely upon the mercy of the subordinate staff of the Municipality and this would give them unnecessary power.

As regards the width of the gulley now proposed to be made 5′-0″ instead of 3′-0″, this would cause unnecessary hardship in developed localities and as a great part of these houses have been recently rebuilt, the By-law would remain more or less a dead letter.

Page No. 19. By-Law 6-A. It would serve the purpose better if the second paragraph is simply worded as follows :—

> "If in the design of any building it becomes necessary to construct such sanitary block near the staircase bay, it should be entered by a door which is not opposite the staircase landing."

Page No. 26. By-Law 17. Thickness of walls in steel framed or R.C.C. structures are not specified. A minimum thickness of 9″ if built in brick in cement mortar (1 : 6 proportion) and cement plaster at least on the outside to prevent dampness should be allowed.

Page No. 30. By-Law 36. The provision that no room shall be at a greater distance than 50′-0″ from a staircase

would cause a great hardship in the case of large flats and offices, if not actually prevent their construction. The rule if strictly enforced would require an unnecessary large number of staircases and interfere with the working of the offices and large flats. So long as the passage and staircases are of fire-resisting construction, the distance is not material.

Further the provision that "30 sq. ft. of each room in a tenement shall be deemed to be occupied by one person" is very arbitrary in the case of large flats and bungalows. This clause would be appropriate only for small tenements of one or two rooms, but for tenements containing a large number of apartments, the area per person should be much more than 30′-0″. For instance in 6 room flats containing 3 bedrooms, drawing and dining rooms, and a kitchen, which would measure in all not less than 1,000 or 1,500 sq. ft., this clause would mean 30 to 35 people as residents. But only the bedrooms will be occupied, the other rooms being used only occasionally, and the number of people, including servants, is not likely to go beyond ten. In such large flats only 2 persons per room should be counted, stores and bath rooms being omitted.

Page No. 32. By-Law 36-A. It would cause a great deal of hardship in existing buildings to insist upon having an existing staircase made 3′-0″. It can be made fire resisting. Further the By-Law prevents the use of winders altogether. No person ever climbs a staircase near the handrail and if at a distance about 1′-6″ from the handrail the tread is 9″ in width it would serve the purpose very well. The width of the nosing should also be counted in the widths of the staircase.

The power to require that existing staircases should be 3′-0″ wide on an order made by the Commissioner is too wide and is liable to be misused by the lower subordinate staff who would be entrusted with the finding out of such staircases and reporting to the higher officers, who would in many cases uphold their subordinates.

Page No. 36. By-Law 41 (a). This proviso neglects to take into account an easement that a building owner may have acquired. Also no adjoining owner is likely to give in

writing the undertaking demanded. It would cause a still greater hardship than at present on the building owner, who starts the work first and it is possible that once the first building is erected, the Municipal officers might be inclined to give concession to the adjoining building owner to take advantage of the open spaces already left.

Page No. 39. By-Laws 41 (c) and (d). If the building abuts on a street, say 20′-0″ wide the owner will be required to leave a further 5′-0″ within his compound and would be losing a great deal. In such cases the land left should be acquired and added to the street if the object is to remove the slums. The centre line should be in the actual centre of the road and not on one side as sometimes insisted upon by the Municipal authorities. In case of plots of small depths the rear open space of 10′-0″ will be a great hardship. It should be reduced to 5′0″.

Page No. 40. By-Law 41 (e). The depth of 25′-0″ from the frontage on the narrower of the two streets should be excluded from the operation of the second paragraph for the sake of street continuity and architectural effect.

Page No. 40. By-Law 41-A. If there is no gulley nor any room receiving its light and air, it should not be compulsory to leave the open space on the sides. The building should be allowed to be constructed up to the edge of the boundary, specially in scheduled areas. In scheduled areas there are plots of land unbuilt upon and by the side of these there are plots built upon extending up to the road. The unbuilt upon portions will be governed by By-Law 41-A, whereas the adjoining plots will be governed By-law 41 (*a*) as regards the front open spaces. This will lead, as it has done in the past, to a great irregularity in the frontages on the road ; to avoid this it is necessary that all lands within the scheduled areas be excluded from the operation of By-Law No. 41-A.

Page No. 42. Note I. See remarks regarding Page No. 40, By-Law 41 (*e*).

Page No. 44. By-Law 41-A III. It is sometimes not possible to have the whole of one side abutting on the requisite open spaces. So long as a window of adequate dimensions opens on to such an open space, the purpose of the By-Law would be served. The same kind of By-Law is prevalent according to model By-Laws of England and is much more reasonable.

Page No. 48. By-Law 41 (IV). See remarks for By-Law 41. It is still more unreasonable not to allow the building owner to make full use of land which is declared as such under legislative enactment or under Municipal orders.

Page No. 48. By-Law 41 VI and VII. See remarks for By-Law 41-A-III.

Page No. 49. By-Law 41-VIII. See remarks for By-Law 41 (*c*).

Page No. 51. By-Law 41-AA2. This is interfering with the rights of private properties. A dominant owner cannot go to court to establish his easement unless the servient owner tries to interfere with the same.

It is wrong for the Municipality to take sides in such a dispute and compel the dominant owner to give up his rights which may be very valuable. It is also a question whether such a By-Law would not be *ultra vires* of the Easements Act, and though adopted may be challenged in a Court of Law. However the By-Law can force the dominant owner to leave the additional open space required for the additional height of the buildings.

Page No. 53. By-Law 41-B2. This new By-Law would be severe on certain kind of buildings—say office buildings. Even on estates well laid out like the Ballard Estate or even the Hornby Road Ballard Pier Scheme where, if this By-Law is enforced upon not one building could be built upon without leaving more than half the area as open spaces. Even the construction of the existing buildings on these estates would be impossible under the proposed alteration. The amendment is again not consistent with the declared policy of higher buildings in specified zones because to require an open space of

half the height of the building would defeat the very idea of higher buildings.

Page No. 56. By-Law 41-C2. There is no necessity to make this distinction between Addition and Extension. So long as the portion to be added complies with the By-Laws at the time prevailing, both should be allowed. Further it is rather illogical to call an additional bathroom an extension and not allow it and to call a whole floor an "Addition" and allow it. Both the sub-clauses should be put together and treated similarly.

Page No. 57. By-Law 41-D. In the heavy rains of Bombay a *chhaja* of even 4′-0″ width is not sufficient to keep off the rain and a chhaja of 2′-0″ would be absolutely useless if on the South West. Moreover from an architectural point of view 2′-0″ wide chhaja is bad. A chhaja of at least 3′-0″ should be allowed, so long as the open space is not reduced to less than 10′-0″ between the projections.

Pages 60 & 61. By-Law 42. This By-Law though good in itself would cause a great deal of hardship because the doors are not to be counted as openings. There are buildings today existing which cannot by any stretch of imagination be called slums or ill-ventilated buildings where the ventilation is entirely by means of doors, specially when these rooms abut on verandahs. This applies more in the case of Sitting Rooms and Dining Rooms in large buildings, which abut only on verandahs and have only doors and no windows. We do not think it is the intention of the Municipality to prohibit such rooms, which would be the result if the By-Law is adopted as it stands. This By-Law should be confined to single and double room tenements only ; for larger tenements the doors should be counted as well as windows.

As regards the total area the minimum should be 1|10th the floor area and 1|7 as mentioned in By-Law 41 (*ii*). Even according to L.C.C. regulations where the floor area is much less, only 1|10 of the floor area is required to be as windows and even then only half of it is required to be openable.

Taking all these facts into consideration, larger flats should be exempted from the operation of By-Law 41 (*i*) and By-Law 42 (*ii*) should be amended.

Page No. 60. By-Law 42 (iii). In large residences, flats, offices, factories, etc., this depth of 25′-0″ is far too small. It would be more reasonable to restrict the application of this By-Law to single and double room tenements.

Page No. 60. By-Law 44 (ii). As long as the passages are in the flat themselves, it is not necessary to lay down rules as to their ventilation, because most of the doors would be open during the time the passages are in use. If the wording is changed to "common passages" the object would be served.

Page No. 63. By-Law 42 (d). With reference to areas given for three and four room and larger tenements, a slight variation in the areas of the different rooms should be allowed (say up to 5%) to obviate difficulties in planning.

As regards the ventilating space for kitchen over the heights of 35′-0″, there should be graded scales of 10′-0″, 12′-0″, 14′-0″, and 16′-0″, instead of 12′-0″ and 16′,0″ only.

Page No. 65. By-Law 45 (a). As the floor height is 11′-0″ and the plinth height 2′-0″ the maximum height of such a passage should be only 12′-0″, i.e. allowing 6″ for thickness of floor and 6″ for slope for the passage. This would enable an uniform appearance from the first floor level—so the height would be kept as at present, i.e., 12′-0″.

As regards the width it should be increased to 10′-0″ instead of 12′-0″ as the width of the bay is generally 10′-0″. Even a lorry can easily pass through a passage of 8′-6″ to 9′-0″ wide so that 10′-0″ width would be ample.

Page No. 65. By-Law 46. Change width to 10′-0″ as per By-Law 45 (*a*).

ACT

Section 243 (6). The cost of these additional vent pipes must be paid for by the owner of the adjoining building which is being raised.

Section 248 (1). In kitchen of the European style a Nahni is not necessary provided its place is taken by a Sink and Drain Board.

Section 248 (A b). It may not be possible to increase the sizes of the W.C's. The demand will, in the first instance, be made by the subordinate staff who are liable to misuse their powers for harassing the owner.

Section 294. The increasing of the minimum width from 40′ to 60′ is a very severe handicap for small estates which would be mostly residential with not much thorough traffic. Even the revised alignment of many of the streets show only a width of 40′ and there is no reason why a person improving an estate should be called upon to provide a wider street than many of the existing streets which are thoroughfares. The original widths should, therefore, be kept.

Section 298 (*i a*) and (*i b*). When an order is made under either of these sections to set-back a portion of a building to the alignment of such street, the cost of removing and re-building the portion should be paid by the Municipality, in addition to the value of land. A time-limit should be set within which such set-backs should be acquired.

Section 298-A. As in section 298 (1*a* and 1*b*) the cost of removing and rebuilding the portion to be set-back should be paid for by the Municipality in addition to the value of land. A time-limit should be fixed within which such set-backs should be acquired.

Section 299 (1). There is no mention of payment for land so acquired.

Section 301 (1). The new clause makes the matters still more complicated and more hypothetical. The land acquired will be generally in the front of the property and as such is more valuable than the average rate per square yard of the whole property. The rate should be fixed for frontage land and not on average rates.

Section 302 (e). In many cases it may not be necessary to undergo the expense of a private street. All the plots may

be abutting on existing streets and only the entrance door in the building may be away from the road. This clause may be interpreted as to authorise the Commissioner to demand a private street for such a trivial thing. Private streets should not be necessary if the building abuts on an existing road.

Section 303 (1). The proposed addition to the clause is rather arbitrary as the scheme submitted by a person is likely to be held up for Municipal Schemes which are still not thought of.

Section 304 (1). The lengthening of the period from 60 days to 90 days is again arbitrary. Because the Commissioner is not able to dispose of the scheme within 30 days after submission, the period is extended to 60 days. The present period of 60 days should be retained.

Section 337 (1). How is the owner to know the zone. It is supposed that the different zones will be published later on. Generally the clerk of works or mistry is appointed only at the time of starting the works and not at the time of submitting plans. In most cases it would not be possible to give the name of such a person in the beginning. As he is paid on monthly basis, the owner does not want to incur the expense till the work is started.

The qualifications for the Licensed Mistrys are not mentioned. Further most of these persons do not know English nor the theory of construction. It appears from some of the latter sections that they must correspond with the City Engineer ; how it is to be done is a bit doubtful. The duties and responsibilities of the Mistry are not mentioned. If it is the intention to make them something like the Architects or Engineers, it would be impossible as most of them do not know English and cannot read nor understand the By-laws.

Section 337 (a). It is very hard to include extensions as new construction under this section. For instance, if it is intended to add only a room or two to an already existing building, it should be treated under Section 342 ; of course the extension must comply with the requirements of the By-laws for the time being. This section read together with

By-law 41-C (2) would make the addition of even a bath-room impossible in some cases. Also see remarks under By-law 41-C (2).

Section 337-A. This is a very hard and unnecessary section. Repairs and alterations to such buildings if they comply with By-law 41-C should be allowed and repairs and alterations to such old buildings which are in some cases sounder than even modern buildings, should not be treated as if the whole building is a new one. This clause would also discourage the increase in the amenities of such existing buildings for the fear that even the slightest alterations or repair would bring the structure within the operation of section 337. The Municipality would be acting very high-handedly with the owners if this section is incorporated in the Act in an attempt to transfer its burden and obligations to the shoulders of the owners.

Section 344-A (1). As mentioned in remarks for section 337 (1) the Clerk of works is not appointed till the works are actually started, and between the date of Notice and the date of employment, the Clerk of works will have to be paid his salary for doing nothing.

A Licensed Mistry may not be necessary on many of the works. Their appointment should be restricted only to works of larger magnitude, say over Rs. 50,000.

Section 346 (1). The action at present existing is good enough specially as the Municipality is using two forms for disapproval.

Section 346 (3). This is a very wide and hard-hitting section to hold up the approval for a period of 4 months on hypothetical grounds. The tendency would be to hold up practically all cases because some subordinate staff may suggest improvements, etc., in the alignment of streets or schemes, and for this slight point it would not be right to hold up the sanction for the inordinate period of 4 months. If it is absolutely necessary to insert this clause, which necessity is doubtful, the period should be restricted to sixty days.

Section 347 (1) (a). This clause is still worse than 346 (3). Instead of the period being 4 months as in the previous section, the period is now increased to five months by mere change of phraseology. To take an instance, after plans are submitted, the Commissioner is given one month to intimate to the parties his intentions to hold up the approval for a period of 4 months. Then if any discontented member of the staff simply suppresses the papers—the party cannot start the work for a further period of one month, i.e., till six months after the submission of the plans.

This state of affairs is not imaginary and fantastic but would be a matter of fact. This inordinate delay would be ruinous to the owner because he will be paying the Municipal rates without being able to make use of the property through no fault of his, except that of thinking of erecting a building in the city of Bombay.

Section 347 (3). This section is in contravention of section 342 (1). The anomaly should be done away with.

Section 348-A (1). This section is very indefinite. It should not be inserted unless provision is made in the Act for the appointment of a competent and qualified Architect, who can scrutinise the plans on their architectural merits. With all due deference to the existing staff it may be stated that they are not qualified either to scrutinise the Architectural merits of a particular building, much less to control them on certain lines. The credit taken for the various schemes does not belong to Engineering Department, but to the Architectural Department of the late Improvement Trust.

Again with due deference it may be pointed out that the schemes that were entrusted to the Engineering Department like the Sydenham Road Estate after the abolition of the Architectural Department, are a mess from an architectural point of view. The original scheme evolved after long consideration has been set at naught. If the control at present exercised by the Engineering Department on Sydenham Estate is to be criterion and a test, all architects will say "save us (and the city) from this Department."

Further no indication is given as regards the schedules and till that is done no remarks can be offered thereon.

Section 348 (3a). The requirements for garages and living accommodation based on the cost of the building is erroneous. The criterion for the necessity of garages and living quarters for servants should be the rent per block. Where the rents are between 75 to 200 rupees per month, only a servant's room should be asked for, and when the rent exceeds Rs. 200 per month, both should be asked for.

Section 348 (3b). If it is deemed necessary to prevent construction work at the junction of two streets, the land should be acquired ; but not to acquire the land and force the owner to leave it open, is sheer injustice.

Section 348-A *3b*, 1 and 2 should be deleted.

Section 348-A (5). In many parts of Bombay the sites are less than 15′ wide. Under this clause no building can be erected on them and the owners must keep them vacant and go on paying the Municipal taxes. This again is sheer injustice. If the building is not permitted the land should be acquired by the Municipality.

Section 349 (5). Should be omitted as it will entail considerable hardship. If necessary only the roof and the external walls may be required to comply with section 349 (3).

Section 349-B. The zones are not yet declared and the building owner will be left in the dark. Unless the zones are declared no remark can be offered.

Section 349-B (1) (a). To preserve regularity in street frontages the prescribed width should be followed.

Section 349-B (1) (d). The depth to be regulated by the width of the street should be kept at 80′ as at present. Also see remarks, By-law 41-B 2.

Section 349-B (1) (e & f). If these sections are adopted as they are, the result would be a dead uniformity in the heights of buildings, as the formula adopts a standard height of 11′ for all floors. In many cases greater heights for the lower floors are required and the section as drafted does not provide for this.

Further the maximum heights allowable are again less than at present and this is not consistent with the declared policy of higher buildings. It also does not take into account the open spaces that the owner may leave within his own premises.

The formula would not work for the heights of floors different from 11′. The unit of 11′ as height of floor is alright for internal *chowks* but as regards street elevations, it will be found unworkable. It would be better if the height of the building was regulated by some multiple of the width of the street, subject to the maximum heights prescribed.

The present practice is much better and as far as it is known to practising architects there is no anomaly. The explanation given in the third column of the draft loses sight of the fact that floors may have heights greater than 11′. Again the explanation given opposite section 349-B 1 (*e*) on page 142 is contrary to section 349-A 1 (*a*) by which only the actual or existing width is to be taken into account and the hopes entertained in the explanatory clause are falsified.

The relation between the widths of streets and the heights of building abutting on them is suggested as follows :—

Width of Street	*Height of Building*
upto 20 feet	24 feet
„ 30 „	35 „
„ 40 „	46 „
„ 50 „	57 „
„ 60 „	68 „

and beyond the width of 60′ the height to be equal to the width of the street, subject to the maximum prescribed.

Except on lands leased from the Municipality, it will not be practicable to lay down a standard height of 11′ and even on such lands, only the maximum and minimum heights can be prescribed. Every floor according to its requirements will require different heights subject to the minimum from the sanitary point of view.

Section 349-B (2). The clause lays down 50′ whereas the explanation makes the depth 60′. It is not clear which is intended. Also see remarks under By-law 41-B 2.

Section 349-B (5). Here again a new limit of 40′ is made. The reason not being given, the clause as worded, is in conflict with by-law 41-B2 and section 349-B 1 (*d*) which allows a depth of 50′. As mentioned in the remarks for the various by-laws and sections, the height should be regulated by the width of the street to a depth of 80′ as at present.

Section 349-B (6). Same remarks as for the preceding sub-section.

Section 349-C. The work contemplated under this section will also fall under section 342 E (1) and it must be conceded that the question of open air spaces for the existing building should not be raised for this work.

Section 349-D 1. The words "or are likely to be rendered insufficient by any reason" are very vague and confer too wide a power on the subordinate staff, who will in effect be the prime factor to administer the rules. The reasons must be known and it is advisable for this reason that the approval of the Standing Committee be taken and the reason be made known to the parties concerned.

Section 349-D 2. This clause would put an unnatural burden on the owner or his representative. He is not expected to be 24 hours on the building and see that no articles are put in the passage. If anybody is to be made responsible for such encroachment it is the occupier. The word 'owner' should be deleted.

Section 349-D 3. The work to be carried out under this section should be clearly mentioned in the notice and it should not be necessary to give a notice under any of the sub-clauses of section 342.

Section 349-F (2). The word "authorised by the Commissioner on that behalf" should be added after the word "person" in the first line to prevent the misuse of the powers.

Section 354 (4). It is doubtful if the Commissioner can direct that the land shall not be sold.

ADDITIONAL SUGGESTIONS RE: AMENDMENTS TO THE BUILDING BYE-LAWS AND PROVISIONS OF THE BOMBAY MUNICIPALITY

Draft proposed by City Engineer with alterations suggested.

Page 35 *Bye-Law* 41 (a)
„ 36 „ 41 (b)

For interior & exterior open air spaces proposed bye-law should be guided by each floor and shall remain the same even if height of each floor is taken upto 12′.

NOTE:—(*a*) This will encourage the builder to increase the floor heights without any substantial loss in open spaces.

(*b*) The air and light should be considered from plinth. This will encourage the builder to put in higher plitnhs instead of 2′-0″.

EXPL. If the open spaces are increased unduly, it will also be very severe for old bldgs., with neighbours having rights of easements etc., who will consequently demand very high.

Section 326 (4). Screens must be used for all construction work.

Section 337 (2)b iii. Add the words "close by" after "their side" in last line.

Section 349-A (3). Parapet height should be 5′-0″ not 4′-0″.

Section 349-A 4. Add "External" after "its" in 7th line.

Section 354-C 2. Add the words "neighbouring" after "in" in 1st line.

APPENDIX 131

Death of His Excellency Lord Brabourne

Telegram dated 24th February 1939, from the President of the Chamber to the Private Secretary, the Governor of Bengal, Calcutta.

Indian commercial community of Bombay Presidency deeply mourns the loss caused by the death of His Excellency

Lord Brabourne who during his period of Governorship here had shown himself an able and sympathetic administrator. Please convey deep and sincere condolences of Committee Indian Merchants' Chamber to Lady Brabourne.

J. C. Setalvad, President.

APPENDIX 132

Second Annual Dinner of the Chamber held on 24th January at the Taj Mahal Hotel

The second annual dinner of the Chamber was held on the 24th January 1940. Covers were laid for nearly 175 guests, prominent amongst whom were Sardar Vallabhbhai Patel, Mr. Bhulabhai J. Desai, the Hon'ble Mr. M. M. Pakvasa, the Hon'ble Sir Rahimtoola M. Chinoy and Mr. Manilal B. Nanavati. The absence of the Hon'ble Ministers who attended the last dinner was certainly felt but Sardarsaheb by accepting the invitation lent dignity to the occasion. Amongst those who spoke on the occasion were Sardar Vallabhbhai Patel and Mr. Bhulabhai J. Desai. Mr. Bhulabhai Desai in the course of his speech pleaded on behalf of the agriculturists and said that the business community should help the agriculturists in getting the benefit of rising prices. He reminded those present of the part played by businessmen in independent countries where they had given their due quota in their country's fight.

Mr. J. C. Setalvad in the course of his speech observed :—

Speech of Mr. J. C. Setalvad, retiring President, Indian Merchants' Chamber, at the Second Annual Dinner of the Chamber, held on 24th January 1940, at the Taj Mahal Hotel.

Gentlemen,

I have great pleasure in welcoming you to this Second Annual Dinner of the Indian Merchants' Chamber. I am extremely glad that Sardar Vallabhbhai Patel and Sjt. Bhulabhai J. Desai have been kind enough to find time from their

numerous engagements to attend this Dinner. When the idea of a Dinner was mooted last year, some of us were nervous whether there could be a good response to it. Last year's experience showed that our members welcomed the idea very much and so we considered that the convention should now be established of having an Annual Dinner on the evening of the day on which our Annual General Meeting is held. There was also another convention which we wanted to establish, viz., that we should have the Prime Minister of our popular Ministry at our Annual Meeting. The Hon'ble Mr. B. G. Kher, as he then was, very graciously accepted our invitation and we were hopeful that he would be with us this year also. Unfortunately, events have happened which have robbed us of the presence of the Prime Minister, but we are hoping that at the next Annual Meeting our popular Prime Minister would be able to attend.

Our object in having the Prime Minister at our Annual Meeting and our popular leaders at our Annual Dinner is to keep both the Government and the Congress Executive in touch with the feelings and sentiments of the business community.

The popular idea that businessmen were guided only by their selfish interests has, I think, almost disappeared during the last 10 years. Businessmen may be interested in the self, but they have got the long range vision that the business and industries they build up should be in the best interests of the country and that the same business and industries advance also the interests of others who co-operate with them in building up the same. Business and industries are the real pillars of the country, whether for war purposes or peace purposes. Large-hearted charities and philanthropies, the institutions of science and culture, organisations for giving relief to the poor and needy and to orphans and widows, have all come from the same class of businessmen.

There was a businessman, Bhama Shah, who stood behind Rana Pratap, when he was in utter despair and depression and placed at his feet his whole wealth to carry on the fight

for independence and inspired him to keep the flag flying. Several businessmen in this country have followed the footsteps of Bhama Shah and I am quite sure, when the real call comes you will find businessmen will not lag behind and you will find the spirit of Bhama Shah animating the present day businessmen.

The moral is obvious. It is that trade and industries must be given full scope if the country has to be developed and made rich and if the standard of life has to be raised and if help has to be given to needy and worthy institutions. What do we find in other countries, which have led all along in the matter of development of trade and industries ? Whenever any crisis comes and the country is plunged either in a war or in some disaster, merchants and industrialists rally to the cry and support their Government with all the means that they can command.

With these few words I welcome you all, Gentlemen, and hope that when we next meet both the internal and external political situations will have entirely changed and that all the war time agonies will have gone, giving place to peace-time work and efforts to secure the amelioration of mankind.

APPENDIX 133

Mr. J. C. Setalvad's Speech at the Opening Ceremony of Lalji Naranji Memorial Building.

SARDAR VALLABHBHAI PATEL, SJT. BHULABHAI DESAI, LADIES AND GENTLEMEN,

It gives me great pleasure to welcome you all to the function of this evening, viz. the opening ceremony of the Lalji Naranji Memorial Indian Merchants' Chamber Building by Sardar Vallabhbhai Patel. We have compiled a Souvenir of the Chamber's activities during the last 32 years of its career

in commemoration of this occasion, copies of which have been forwarded to you.

India has been compared with a continent by many writers and it was tragic, indeed, as is her history throughout, that she should have been under foreign rule for the last several centuries. This factor brought about, to a large extent, disintegration of our commercial and industrial life. In the times of Moslem rule, it must be said that there was not that acute difference between the foreign rulers and the people of the soil as became the order of the day since the British occupation. It was but natural, however, that successive invasions from over the border and internecine warfare between provinces or between principalities should lead to disturbances in the commercial and industrial life. The rulers of both the Hindu and Mahomedan principalities were patrons of art and industries and encouraged them to no small extent. At the same time it must be said that the conditions in the country in those days were not, as some of us imagine at present, wholly of disturbance or of mutual warfare. The testimony of foreign visitors and historians, Indian and foreign, is that there were tracts in the country which enjoyed peace and where art, industries and trade flourished and there were also periods of peace. It is curious but true that the Sowcars, the pride of the countryside and the mainstay of agriculture for a thousand years and more went on discharging their functions of banking, or providing the necessities of life to the countryside, helping and developing agriculture and even on occasions proving vitally helpful to the State. The agriculturists went on plying their agriculture. Sometimes it may be that the march of an army affected them, but these waves passed away on the broad bosom of the sea and the land continued to cherish its arts, trade, commerce and industry as before.

With the advent of the East India Company, however, things changed and changed very largely to the great disaster of the land. The Company came as merchants themselves and remained as exploiters. It was this characterisation of the East India Company which made the biggest difference between their rule and the one which preceded it. While under

the latter the interests of the rulers and the ruled were practically the same, and the rulers did not look to the interests of a country some six thousand miles away, under the former, the Company representatives looked to the interests of Great Britain and Great Britain alone and considered that the trust which they had got was meant to be exploited and exploited fully for their own interests and the interests of Great Britain. Their whole system of rule was surcharged with the spirit of exploitation and destruction of India's pristine art and industries and the inundation of the land with foreign fabrics and foreign materials was pushed through with a technique and scientific precision all their own. Ultimately, when the land passed from the East India Company into the hands of the British Government themselves, the basis of this policy, despite Her Majesty's Proclamation of 1858 was not changed, and whether in Services or trade, commerce and industries, the baneful policy of exploiting the resources of this land for the benefit of Great Britain continued. A large standing army (British) was maintained not only to maintain the British rule but also to train up British Officers and men at the expense of this country. A large Indian Army was also kept not only for suppressing any signs of an uprising, but also for being used in the far-off battle fields to help to keep the Union Jack flying.

The defence policy of the Government of India is unfortunately symptomatic of an utter distrust of and no confidence in Indians. It has a serious lacuna in this connection. If the defence policy had been based upon a broad and liberal outlook and a generous confidence and trust in Indians, the recent international situation might have had a different tale to tell. The 1914 crisis showed how at first the British authorities were moved to a policy of trusting the Indians. Had this policy been kept up and expanded, there would have been a continuous stream of volunteers, but unfortunately this policy was dropped and the old reactionary policy was maintained with the result that soon after the end of the War the mutual want of confidence resulted in the Amritsar tragedy and the dark chapter of the Punjab. Even now it is not too late for

England to change her angle of vision with regard to the defence policy of this country. A thorough trust in Indians will result in Indians taking care of their defence and England will be free of her anxieties on this score. As matters stand at present, no opportunity is given to the sons of the soil for defending their Motherland. There should be a re-orientation of the whole of the defence policy and the Army, the Navy and the Air Services should have a different tale to tell. I wonder if the British statesmen have this imagination and this large heartedness or whether they and India will have still to wade through many years of toil and trouble.

What happened with regard to the defence policy happened also with regard to the industrial policy. The history of only one industry, viz., the cotton textile industry, is sufficient to show to what lengths the Government of the day went in foisting upon this country Lancashire goods. This unjust and unfair discrimination in favour of a foreign industry was not to be found only with regard to the textile industry but with regard to practically all the industries. The blow was struck even at Indian shipping and the shipping which was the pioneer in the world was eliminated to make room for British shipping and Indian shipbuilding yards also were scrapped.

The evils of foreign rule and the entire absence of independence are nowhere more seen than in the condition of our brethren in the Self-Governing Colonies and in the so-called Crown Colonies. This is an old, old question. I am not exaggerating when I say that Indians are being treated as *pariahs* in so many of these Colonies, and every effort is being made to oust them from those lands, to the development of which they have devoted, in some cases, not less than two or three centuries. While these Colonies welcome even ex-enemies of the Empire and even undesirable aliens with open arms, they refuse to recognise the barest rights of Indians as citizens, and take all sorts of measures to drive them back to India. The latest instances are the Asiatic Segregation Bill of South Africa, and the Kenya Ordinance. Such a policy pursued by the Colonies and the apparent toleration by the

British Government is the very negation of statesmanship, and proves the justification for the fight for Swaraj carried on by this country.

India was in the aforementioned state of prostration when the Indian National Congress was first organised. It was the first awakening of the country, the leaders of which began to feel that they were not free. It was this awakening also which came to the commercial and industrial leaders of those days who realised that the *Pax Britannica*, which had taken away their political liberty had also taken away practically the liberty of Indian trade and industries to organise and develop themselves and had placed upon them the heaviest handicaps which would prevent any future development. Just as the awakening through the Indian National Congress has resulted in this half-a-century to the leavening of the whole land with a healthy spirit of discontent and dissatisfaction against foreign rule and its anti-national policy, the awakening of trade, commerce and industries has resulted in a spirit of Swadeshi, a spirit of national industrialism permeating the land from one end to the other. The organisation of this Chamber was due to such an awakening. It formed but a link in the whole chain, and yet it was an important, perhaps, one of the most important links. It was the farsightedness and patriotism of the late Sir Munmohandas Ramji that led to the establishment and organisation of this Chamber in 1907. He was ably assisted by the late Sir Dinshaw Wachha, Sir Ibrahim Rahimtoola and Sir Purshottamdas Thakurdas. It filled a very useful place at once in the body politic and body economic and the commercial community found in it a leader to direct its policy, to fix up its objects and to formulate its ideals. Both the public and Government found a body representing Indian commercial opinion, whom they could consult and by whom they could be guided. The obsession of the British commercial policy being the guiding voice, was removed. Slowly but steadily, Chambers of Commerce came to be established all over the country, in towns of commercial importance. The policy of commercial and industrial exploitation to which I referred above, has persisted all along and these Indian

Chambers of Commerce put up a sturdy, bold and courageous fight against this policy of the foreign Government. The Government of India as constituted in those days could not follow so frankly brutal a policy as its predecessor, the East India Company, but practically it was the same if you took off the veneer. The Minto-Morley Reforms and the Montagu-Chelmsford Reforms left practically the centre untouched and for the matter of that, even the Government of India Act, 1935, has left the centre untouched. All that can be done is to criticise, but such criticisms generally leave them cold. Whether it was the Currency or the Railway or the Tariff or the Industrial policy, the whole spirit of the administration was permeated still by the jack boot policy of old. The Currency policy of Government has been responsible for intensifying the poverty of the land and for destroying agriculture and industries. This has been proved to the hilt time after time and yet the British caravan has run on, in the cynical phrase of Sir Samuel Hoare, even if the dogs bark. With a brief interregnum of the period of the last war, when Government wanted for their own purposes, industrial co-operation, the policy towards the industries has remained the same, and even after practically 75 years of British Government's rule in this country, the recently retired Finance Member, Sir James Grigg, remained adamant to the claims of industries and tried his best to foist his *laissez faire* policy upon the land. Despite so many years of railways in this country, we are still obliged to repeat our old cries for adjusting railway tariffs to suit trade, industries and agriculture and despite all these years of struggle by the Indian Industrial Conference and by the different Chambers of Commerce, the position with regard to industries has not improved much. At the same time, the Chambers of Commerce have played and are playing a conspicuous part ; and I am not one of those who would despair and leave off the fight.

Though, as I have said, with regard to bigger questions the policy of Government has remained unaffected the strong public and commercial opinion as expressed through Chambers of Commerce has influenced it to no small extent.

The function of a Chamber of Commerce in every civilised land is to be a vigorous critic and an ever watchful and vigilant watchdog ; and this function is being discharged by Chambers of Commerce in several advanced countries of the West which are in enjoyment of full and complete self-government. This function is being discharged by our Chamber, regardless of frowns or favours of those in power. This Chamber has remained true to its traditions and conventions and the ideals to which it has hitched its wagon. Our history of the last 32 years will show you how on every question we stood out boldly for a nationalistic policy and challenged the decisions and policies of the foreign Government, if we found them to be detrimental to the progress, peace and prosperity of the nation. We went even to the length of withdrawing our representatives from the legislatures when we found that in those days of tribulation we could not steer our course alone without throwing in our lot with the Indian National Congress, our biggest and most representative political institution. We have now got national Governments in Provinces and have promised them our support and co-operation. One thing is quite clear and that is, we do not want back the Government which is gone—the Government which is gone unmourned and unwept. The Provincial Autonomy is in the hands now of popularly elected representatives and it would be an act of treachery and disloyalty to our country, if any one were to attempt to dislodge them and try to get back the bureaucratic government which preceded. The national Governments are, after all, human and may lay down and pursue policies which may retard the progress of Indian commerce and set back the course of indigenous industries. I deem it the duty of a Chamber of Commerce to criticise them on such occasions and even to give them warnings, if need be. Our Chamber has proved a strong, virile and independent critic of Government in old days ; it continues as such at present and hopes to remain so in the future. The power of free and independent criticism is the very life of a Chamber of Commerce and you will agree with me that if this is taken away it will lose all its potentialities for good. A Chamber of Commerce, however, if it is allowed to remain virile and inde-

pendent, is the best help and the best friend that Government can have. There have been occasions when the opposition of Chambers of Commerce in the United Kingdom, for instance, has made Governments withdraw their measures, however much they had set their hearts on them and there is a historical instance of how the ex-Kaiser had to stay his hands for bringing about a world war in 1913 as the German Chambers of Commerce opposed that step.

We are thoroughly nationalistic in our outlook. We want a vigorous industrialisation and a powerful trade and commerce. The present day annual average income of our people is extremely meagre and miserable and it has been shown how agriculturists for instance find that several crops do not repay even their labour. It is vitally essential if our country has to progress that these agriculturists should have their income increased and that all our ordinary artisans and traders also should have an added income. All this is possible if poper conditions are created for the development of trade and industries. At the same time, we want our independence to remain unfettered so that we may be useful both to the public and Government.

It was generally felt since a long time that a body of the commercial importance like the Chamber should have a building of its own. Unfortunately, however, this aspiration could not be realised till the Lalji Naranji Memorial Committee enabled us to have this building. Let me express here our sense of deep thankfulness to Sir Chimanlal Setalvad, President of the Lalji Naranji Memorial Committee, and members of that Committee for resolving on the Memorial taking this shape. It was quite fitting that the memorial should have taken this shape, for the late Sheth Lalji was one of the eminent Presidents of the Chamber. A fervent patriot, a man of sound common sense, a thoroughly independent and outspoken critic, he did much in his time to help the Chamber. It is due to the generosity of Sheth Chatrabhuj Gordhandas who began this memorial fund with a handsome donation of Rs. 50,000 that the memorial funds proved sufficient for giving such a magnificent memorial to the memory of Sheth

Lalji. May I say that it is also fitting that Sardar Vallabhbhai Patel, one of our trusted and honoured leaders, should open the building today, as he has throughout been a friend of the commercial community ? Sardar Vallabhbhai Patel is the right hand of Mahatma Gandhi and has dedicated his life since two decades to the service of his country. The responsible work with which he is entrusted as Chairman of the Parliamentary Board brings him into close touch with the Provincial administration and the far-sightedness which he has shown during the last two years in this capacity has won our admiration.

We have also got another function today and that is unveiling the bust of the late Sheth Lalji Naranji, and Sjt. Bhulabhai Desai, leader of the Opposition in the Central Assembly, who has kept up the traditions of the late Pandit Motilal Nehru in his leadership and who has always proved a friend, philosopher and guide of our Chamber, has kindly consented to perform the function. I shall be failing in my duty, if I do not take this opportunity of publicly acknowledging the great and eminent services rendered by Sjt. Bhulabhai in the passing of the commercial legislation through the Legislature in the last three years. The commercial legislation comprises the Indian Companies' Act, the Indian Insurance Act and the Indian Income-tax Act. All these three Acts vitally affect the commercial and industrial community, and they are a landmark in the commercial and industrial progress of the country. Those who worked with him at Delhi and Simla alone can say what arduous labour he devoted to the passing of these measures in all their stages, and in modifying them to suit the requirements of the country.

I must here express our gratitude to Sheth Gordhandas P. Sonawala, who gave a liberal donation of Rs. 30,000 for a General Meeting and Library Hall, which bears the name of his firm : Narrondass Manordass Hall. The portrait of Sheth Gordhandas has been placed in that Hall. The portrait of Sheth Chatrabhuj Gordhandas is placed in the Reception Room. I may say that these portraits are the work of the Vanguard Studio, who have also taken photographs of the

Memorial Building and of the Committee of the Chamber. It is also my duty to express here our sense of appreciation of the services of Messrs. Master, Sathe and Bhuta, our Architects, who prepared the original plans of the building and helped us considerably with regard to the scheme, and Mr. Gopalji Bhuta, particularly, who has taken great pains to supervise the execution of the works and thus helped us in securing a decent and beautiful structure. I must also express our sense of appreciation of the work done by Messrs. Shapurji Pallonji and Co., our Contractors. They have put at our disposal their resources and have completed the work of the building within a reasonable time. I must also express my appreciation of the services of Messrs. Eastern Electric Light and Power Co., Ltd., for the installation of the Lift ; Messrs. Excelsior Electric Co. for the Electric installation work ; and Messrs. Krishnaji Chinoo and Co. for their plumbing work. The bust of Sheth Lalji Naranji has been made by the well-known artist, Mr. Brahmesh V. Wagh.

I must express my deep sense of obligation also to my friend Mr. Behram N. Karanjia, Mayor of Bombay and an ex-President of the Chamber for his very kindly giving us the Electric Clocks for the Building and also for presenting a beautiful flag for the Chamber which you see at present flying over the building. Mr. Karanjia has always helped the Chamber on several occasions and these latest presentations from him are specially welcome.

I have nothing more to say and thank you all for attending this function and gracing the occasion with your presence. Our Chamber has occupied a unique place in the City, and I hope I shall not be considered vain if I say that it has a place in your hearts. Though the onward march of the country may be arduous, I am quite sure that our definite objective of Political and Economic Swaraj, we can attain by unity and self-sacrifice in our own life time.

I now request the Sardar to declare the Building open, and Sjt. Bhulabhai Desai to unveil the bust of Sheth Lalji.

APPENDIX 134

Speeches at the Quarterly General Meetings

Speech of Mr. J. C. Setalvad, President, Indian Merchants' Chamber at the First Quarterly Meeting (2nd May 1939).

GENTLEMEN,

The report of the Committee for the first quarter, ended 31st March, is with you ; and, as usual, I should like to address a few words to you in this connection.

Budgets (Central and Provincial)

The first quarter of the year is marked by the Budgets both of the Central and Provincial Governments, and the commercial community and the general public naturally take a great and lively interest in these financial statements. Some people read these statements from the point of view of taxation; some people consider them from the point of view of their particular industries and the protection that they may or may not get and others may even consider the reactions of these statements on the general, social, educational and economic progress of the country at large. The Central Budget was not marked this time by any extraordinary proposals. There was one proposal, however, viz., enhancement in the import duty on cotton, against which practically the whole of the business community protested and protested, as usual, in vain. This imposition by itself was strongly to be objected to ; but when it is taken in conjunction with the Indo-British Trade Pact, its sinister aspect becomes all the more glaring. Lancashire wanted 11 per cent duty on the imports of her piecegoods into India, and even with the liberal margin allowed by the Pact she could not get this ; but she has been able to secure this through the side-door of the import duty on cotton. I may say that the total reduction in protection on cloth amounts to 14 per cent, being 4 per cent effect of raw cotton duty, 5 per cent effect of additions to the wages and property tax and 5 per cent result of Indo-British Trade Agreement. The cotton textile industry, which is one of the leading industries in the country and which is the staple industry of our Province and specially of our City, has been thus given hard blows all

round. The cotton textile people are able enough to take care of themselves and yet I cannot help saying that the blows which the industry has been getting one after the other are sufficient to kill any industry however strong, efficient and well-constituted it may be. Last year there was the Interim Report of the Textile Labour Inquiry Committee and its recommendations placed a burden of about one crore of rupees on the industry. On the top of this there was this year only recently a Property tax and a Sales tax imposed by the Government of Bombay ; and then there was this increase in the import duty on cotton. You can well imagine what the cumulative effect of all these burdens will be upon the industry. After all there is such a thing as killing the goose that lays golden eggs, and I shall not be surprised if this old proverb is found to have its truth illustrated in the history of our staple industry.

Income-tax

The Central Budget has provided for the levy of income-tax, according to the new amended Act, and it is found that the proposals have involved additional taxation of a great magnitude, particularly so far as the commercial community is concerned. The increase in the rates of tax, with removal of the exemption limit of Rs. 50,000 for company super-tax will make the burden heavy indeed.

Tariff Bill

The session of the Central Assembly was marked or marred by the Tariff Bill incorporating provisions of the Indo-British Trade Pact. This Trade Pact has practically taken three years of the time and energy of the representatives of the commercial community, and ultimately the Pact over-rode the suggestions of the non-official advisers. This Pact in its final form was thrown out by the Central Legislative Assembly ; and yet Government brought a Tariff Bill based upon this in the Assembly, which, again naturally, threw it out. His Excellency the Viceroy, however, has certified it in the so-called " interests " of India, and thus a Bill, which itself has been rejected by the Legislature and which has been based upon the Pact which also was thrown out, has been placed on

the statute book. The whole episode is nugatory of the spirit which lies or should lie behind the Government of India Act. With the introduction of Provincial Autonomy and with the Federation looming nearer and nearer, it is indeed a great tragedy that such things should happen. Even the *Statesman* has condemned these proceedings, which are entirely opposed to the spirit of democracy and are not calculated to bring about any better relations between Great Britain and this country. The European situation is as bad as it can be, and if these events lead upto any world conflagration, the British Empire including India will naturally be involved. Is it desirable that at this juncture the Indo-British relations, instead of being bettered, should be allowed to deteriorate ?

I am the more surprised at the certification, in view of the fact that His Excellency the Viceroy has shown commendable statesmanship in the way in which he has dealt with the constitutional issues arising time after time in this country. In fact, he prevented the situation from getting out of hand and a stalemate arising in the Provinces. Even recently it was His Excellency who intervened in the Rajkot issue and suggested to Mahatmaji reference to the arbitration of the Chief Justice of the Federal Court. It was a big gesture and the country has appreciated it. It was naturally expected, therefore, that he would not certify the Tariff Bill and would leave the relations to be regulated by any future Pact entered into by representatives of both the countries on equal terms.

Mahatmaji's Rajkot Fast

The fast on which Mahatmaji entered as a protest against the happenings in Rajkot was naturally viewed with grave alarm and anxiety by the whole country. While the crisis was then averted, I am afraid that the situation as it has developed in Rajkot cannot be called by any other name than that it is ugly. It is scandalous, indeed, that a world figure like Mahatmaji, who is loved, revered and worshipped by a mass of population here should have been subjected to such a treatment as was meted out to him in Rajkot. The Rajkot ruler and his adviser forget, as the English people also have so many times forgotten, that in Mahatmaji all of them have their best

friend, and I may say their last friend. If the rulers of Indian States choose to follow in the wake of the Thakore Saheb of Rajkot and his adviser, all I can say is : Heaven help the States !

Prohibition in Bombay

Coming nearer home, the Government of Bombay have taken up the prohibition issue and decided to introduce it from 1st August in the City of Bombay and have provided for a deficit of about Rs. 150 lakhs in the Provincial Budget consequent upon the elimination of the Excise duty. This heavy deficit, which takes away half of the Excise revenue, is proposed to be met, as I have already mentioned, by the Property tax and the Sales tax, and some other minor measures. The taxation proposals have evoked protests from the business community and others, while the prohibition proposal also has evoked protests from a section of the public. With regard to taxation, so far back as 1925 the Committee of this Chamber wrote to the Government of Bombay pointing out facts and figures to show that the taxable capacity of the people had reached and that neither trade and industries nor the public at large could bear more taxation. Similarly with regard to the Government of India also your Committee have several times protested against this loading of further and further taxation on the already over-taxed people. All this taxation specially hits trade and industries. It is a vicious circle that if you have additional taxation and if you kill trade and industries, there will be nothing further obtainable from them. There is such a thing as the law of diminishing returns and as soon as that begins to operate any further taxation does not bring in more revenue, but there is lesser and lesser revenue. It is not that the Provincial Governments, and specially our Bombay Provincial Government, do not want the development of industries ; they do want industries to be developed, and it is because of this that they have appointed several Committees also. The Hon'ble the Finance Minister himself observed that the Bombay Presidency was the highest taxed Province in the country and, at the same time, he said, that he wanted industries to be developed. Our Government, if I mistake

not, have been committed to a threefold development : development of large-scale industries, development of small industries and the development of cottage industries. But all this ideal cannot be realised if they have to fight against the incubus of larger and bigger taxation increasing in volume every year. The bigger taxation has been necessitated by the prohibition programme, which Government want to complete in two years beginning with the City of Bombay from the 1st of August. I know that it is now too late in the day for anyone to protest against the idea of prohibition as such. It is the principal item on the programme of the Congress since 1921. Your Committee also have definitely approved of this ideal of prohibition and are strongly in favour of introducing the same. It is not only now that they have been saying so, but even so far back as 1922, they, in reply to the Excise Committee, said that "They were firmly of the opinion that the Government and the people should have the goal of total prohibition before them"; and urged that "Government should whole-heartedly march towards the goal of prohibition." At the same time they suggested that the programme might be spread over 20 years, contracting the quantity and gradually reducing it, say, by 5 per cent yearly. Since then there has been a great advance in the social conscience of the people and your Committee recognised that the prohibition programme cannot now be postponed for such a long period. Because of this they have now urged that it should be finished in not more than five years. This will give breathing time to the people who have lost their trade to find out avenues for their maintenance. It will also obviate much of the opposition, as it would not then entail a heavy taxation programme, as there would not be heavy revenue deficits to be met every year. Madras, for instance, had to find only two-thirds of a crore of rupees, while Bombay has to find one crore and a half of rupees. The prohibition programme is a socio-economic measure and is calculated to raise the standard of life of the poor and working classes. One may protest against certain economic aspects of the programme ; one may also protest against the too rapid pace ; but one cannot protest against prohibition as such. As I have already mentioned above, your

Committee have approved of the prohibition programme ; but have suggested that it should be spread over a period of five years. In this we have got the support of no less a person than the Hon'ble Mr. C. Rajagopalachariar, the veteran politician and Prime Minister of Madras, who recently said with regard to the pace of the prohibition programme in that Province :

> " It may seem to be but snail-pace advance to go only as far as one district this coming year. My only explanation is the need to preserve financial stability and for the necessary time that is required to build up alternative taxation. To go forward irrespective altogether of financial considerations, however attractive it may be in enunciation, would be to impair the credit of the Government and cause a set-back to the movement of prohibition itself. We have to secure the financial adjustments necessary and we have to consolidate the position at every stage. We have to combine the crusader's spirit with the wisdom of sound management of large responsibilities, unless indeed we would make prohibition only an excuse for a crisis and an escape from responsibility."

While on this I would like to thank the Government of Bombay for the changes they have effected in regard to the Property tax in response to the suggestions made by the commercial community and this Chamber. In the first place, they have reduced the rate of tax on incomes from property in the City of Bombay below Rs. 2,000 and Salsette and Ahmedabad below Rs. 1,000 from 10 to 5 per cent, and by a recent announcement they have also decided to accept the suggestion made by your Committee and moved as an amendment by Mr. Karanjia in the Council that incomes of less than Rs. 500 in the City of Bombay and less than Rs. 200 in Salsette and Ahmedabad should be exempt from the tax. These steps are indicative of the anxiety of the popular Ministry to respect public opinion as far as it lies in their power consistent with their obligations in other directions. I hope, it will not be out of place if I may here suggest that Government should adopt a policy of more active consultation with commercial interests

so that in the long run their proposals and programmes may be so framed as not to prove to be burdens on the trade, commerce and industry of the City and the Presidency.

In this connection I would like to quote the apposite remarks of Sir John Simon, Chancellor of the British Exchequer, that the British Government had been doing all they could to encourage a measure of confidence in business and that he avoided any measure which would have a generally depressing effect on industry even if the effect on industry was largely a matter of psychology.

Industrial Development

I referred above to the very laudable and praise-worthy desire of the Government of Bombay to develop industries. They have evinced this desire in a practical form by sanctioning grants for the help of small industries, as also by the appointment of several Committees. One such was the Industrial Survey Committee and the other was the Industrial Advisory Board. Unfortunately, the report of the Industrial Survey Committee has not yet been published. Industrial survey has been long since found to be a great desideratum of the Province, as upto now practically such a task was not attempted at all. Unfortunately, the report has been delayed too much. We know that people who are concerned therein are busy people ; but I hope that looking to the importance of the task, the report will be made available to the public as soon as possible. My idea is that if a proper report of this Committee is prepared, it will make possible the development and organisation of many small industries as it will give valuable information. The industrial Advisory Board has also held only two meetings upto now. This Board was appointed to get in touch with the live industrial problems and to act as a liaison body between the general industrial community and the Government. Presumably, they have been doing their best to tackle some of the industrial problems ; but I should wish that such a Board should meet at least once in a month and that its Sub-Committees should be in charge of different industrial problems. Industrial needs of the Province, as of the country, are great. Just as in war-times industries are speeded

up and there are also corps of volunteers, both men and women, for the industrial organisation, so our present state of things with regard to industries may be deemed to be a war-time state, and no time should be lost in organising and developing industries. I am not indulging in any destructive criticism ; I am only suggesting to these various Committees to put forth their best efforts and to help the country in solving one of the biggest problems which faces it in its struggle for emancipation.

Chamber's New Building

I hoped that this quarterly meeting would be held in our new building. Unfortunately, however, we have not yet been able to do so, on account of certain necessary delays. We now hope to have the building opened during this month and to shift our office to our new quarters on the 1st June. It is going to be a splendid pile, and it is something that, though we had to wait so long for a habitation for the Chamber, we have at last secured a handsome building in consonance with the dignity, prestige and name of the Chamber. I need not now speak more about it, as you all will have an opportunity to see it for yourself in a few days.

Speech of Mr. Chunilal B. Mehta, Vice-President, Indian Merchants' Chamber at the First Quarterly Meeting. (2nd May 1939)

MR. PRESIDENT AND GENTLEMEN,

The President has dealt with several important questions which are in the forefront at present and which affect the business community. I should also like to address a few words and speak on a few outstanding questions which are not touched by the President.

Indian Pharmaceutical Industry

Since a long time past, our friends of the Alembic Chemical Works Co., Ltd., have been sending out appeals to Governments, both Central and Provincial, with regard to the inequalities they have suffered regarding Excise regulations. It is, indeed, queer and paradoxical that, while the ideal of

several people in Europe is to remove the intervening tariff walls as between the different countries, these same tariff walls have, to some extent, intruded themselves even upon a single united country like India, with different provinces. Otherwise, why should it be that products of the Alembic Chemical Works should be subjected to an additional duty while crossing the frontiers in Bengal or while crossing the frontiers in the Punjab or even that its products should be prohibited from entering a particular Province, when products of foreign countries like Java are allowed to enter ? There are several queer anomalies to which the attention of your Committee has been drawn time after time in this connection, and with regard to which your Committee have also sent strong protests to the powers-that-be. At the suggestion of your Committee, a Conference also was held by the Government of India of all the Excise Ministers ; but it does not appear that upto now the grievances have been removed. In fact, I should say that in view of the prohibition programme of the Government of Bombay, it behoves them to see that industries like this, which are manufacturing spirituous preparations should be encouraged as much as possible. India has got very little of the Pharmaceutical industry, and has to depend upon foreign countries for the supply of drugs and medicinal preparations to the tune of Rs. 236.2 lakhs per year. I should, therefore, strongly urge that our Provincial Government should take up cudgels on behalf of the Pharmaceutical industry which is one of our premier industries and help it in as many ways as possible.

Literacy Campaign

All will welcome the literacy drive which is undertaken by the Government of Bombay. The curse of illiteracy, under which we have been groaning, has practically proved a great stumbling block in the way of any rise in the economic standard of living, as also in the way of the proper growth and adaptation of much of the social legislation. It is a stupendous work and Government are also going to put up a stupendous programme, looking to the fact that they are going to have 500 centres for this literacy drive in the City of Bombay alone.

It will give efficiency to the workers ; it will make them conscious of the social and sanitary needs of themselves and their families ; it will make them responsive to the legislation that may be effected in their interest, and, above all, it will make them useful and integral parts of not only the industrial community but of the society as a whole. I am quite sure that commercial associations all over the City will welcome this new move, as they stand to benefit by it.

Scientific and Technical Training

While speaking about the literacy drive, I cannot help referring to the necessity for greater and greater scientific and technical training of our students and the necessity also for finding out ways and means for combating unemployment. It was Sir Tej Bahadur Sapru, who recently expressed himself against the idea of curtailing and restricting higher education. Higher education is even now a great desideratum of the country. In fact, our progress in education cannot be said to be satisfactory at all, and it would not be advisable to fight shy of higher education on the ground that it will merely add to the numbers of the unemployed. We are still far behind other nations in our scientific and technical knowledge, and the world today wants people who are trained in these subjects. We shall not be able to move further up either industrially or commercially, or even politically, unless we have trained bands of young men. It is not the best way to fight unemployment that we should neglect education. The best way to fight it is to bring the centres of learning into direct and immediate contact with centres of trade and industries. The Universities should be meant both for purely literary studies as well as for scientific studies. Those who have a bent of mind for literature and philosophy may be allowed to take those courses and develop their talents therein; but provision surely must be made for those who pursue scientific studies to come into contact with industries, trade and commerce in their active state.

Separation of Burma : Position of Indians Overseas

The separation of Burma from India was an ill-advised step, against which we in this country protested strongly, while there was a large section of the people in Burma also who were opposed to it. Unfortunately, under the influence of the British vested interests in Burma, as also owing to the wishes of a section of the population, the separation of Burma was made a settled fact. The fears which were entertained then have, unfortunately, now been proved to be too true, and the riots in Burma, so frequently recurring now-a-days, have necessitated an exodus of Indians to this country back. Property of Indians worth lakhs of rupees has been damaged, and hundreds of Indians have been killed or injured. Protests have been raised in various quarters and even on the floor of the Central Assembly. There is no reason why Indians and Burmans should not live peaceably together as they have been living all these years. There may be a temporary ferment consequent upon the troubled spirit of the times, but a solution must be found for this ; for, Burmans cannot do without Indians and we also cannot do without Burmans, as our countrymen in Burma number 1,017,825 and their investment also must be running into crores of rupees. The Indians in Burma are not in the position of exploiters. They want to live on peaceful and friendly terms with the Burmans ; and leaders of public opinion in Burma and India must put their heads together and see that this is made possible. Mere official protests and even official action by the Government of India or by the Government of Burma are not enough. In fact, unless all this is accompanied by a Conference between the leaders themselves, such action by itself is bound to lead even to more bitterness and more unsettled situation.

The condition of Indians in Burma is reproduced, to some extent, again in Ceylon, where our unhappy countrymen are now being discriminated against and indirectly compelled to leave that country. This situation has also been brought to the notice of the Government of India, who, I am sure, feel acutely on the question. Unfortunately, a solution is not still forthcoming. It is, indeed, a great tragedy, a tragedy which

leads one to thoughts of despair and bitterness, that India, which all along the ages has afforded a shelter and home to all people coming from outside, should have her children treated as *pariahs* in every land to which they go.

Talking of the position of Indians in Burma and Ceylon reminds one of the position of Indians in Self-Governing Colonies like Africa. For the last several years, the position of Indians in the Colonies has in one shape or another given rise to deep anxiety for our countrymen there, and is also accountable for a good deal of that distrust which an average Indian has begun to entertain with regard to the British Empire. The most recently proposed legislation with regard to segregation of Indians in South Africa is one of the most reprehensible pieces of legislation ever undertaken by a Colonial Government. The case which Swami Bhavani Dayal has put forward so carefully and feelingly before the Indian public is extremely strong. Here also I do not doubt the sympathy of the Government of India. In fact the Department of Education, Health and Lands has always tried its best to be of use and help to Indians overseas. Unfortunately, however, all the protests even of the Government of India appear to count for nothing with regard to these Colonial Governments. But why speak about the Colonial Governments ?

Even the Kenya Government, which is not self-governing but is under the direct jurisdiction of the Colonial Department of His Majesty's Government has been acting as badly as, if not worse than, the Colonial Governments. The order recently promulgated there with regard to the reservation of lands in Highlands for only white settlers is a most scandalous order. Among these white settlers will presumably be counted, as I have already mentioned, opponents, erstwhile enemies and, perhaps, even probable future enemies of the British Government. But Indians are deemed ineligible for occupying any portion of the Highlands. It is a most eggregious way of asking the Indians to quit,—Indians who it may be remembered had a leading share in the colonisation of Kenya. Surely, if such is going to be the state of things, our Indian countrymen in Tanganyika may not like to join hands with the other

settlers in opposing cession of Tanganyika to Germany ; for, after all, what does it matter to them if England rules over them or Germany rules over them if the methods adopted by these white settlers and white Governments are in all cases, severe, brutal and anti-Indian ?

Federation and Indian States

A further constitutional advance now in this country means settling the Federation problem, and the solution of this problem has proved to be as thorny as possible. Its thorniest aspect, perhaps, is the question of Indian States. The new spirit of the times is manifested in the disturbances in so many Indian States. At the same time there are rulers, who have discerned the signs of the times and have assured their people that they are at one with them with regard to the appreciation of the introduction of political reforms in the States. Unfortunately, this is not so everywhere, and the long-drawn-out struggle which is going on in Rajkot shows how some of our Indian rulers have not yet been able to appreciate the feelings of their subjects, and like Bourbons they refuse to learn anything. If the Federation issue has to be solved satisfactorily, the Paramount Power will have to step in and will have to use, at least, moral pressure to bring about an evolution in the constitution of the States, which cannot be allowed now to go on with their ante-diluvian and fifteenth century administrative machines.

In the beginning of the Indian Round Table Conference in London the Princes were moved for a time to a height of imagination and felt keenly and acutely for the evolution and joint progress of India. That original enthusiasm and inspiration has, perhaps, cooled down, and the examination and re-examination, the analysis and re-analysis, of this problem by lawyers and others have taken away the romance from the problem and entailed more sordidness in it. Let us hope that even now rulers of the States will consider the problem from a statesman's point of view and respond to the appeal of His Excellency the Viceroy and others and build up a new and reformed constitution for their States, so that they can join the Federation with their democratically governed subjects.

Commercial and Industrial Museum

Before I conclude, I should like to draw the attention of Government to just one thing, and that is the necessity for a permanent Commercial and Industrial Museum in Bombay. This question has been discussed by the Bombay Municipal Corporation once or twice already and, I think, they gave their approval to it. Upto now, however, nothing has been done. The Indian Industries Fair, which is being held yearly since the last five years offers to my mind, a very good basis on which to build up such a Museum or a permanent Exhibition as it may be called. This Fair is held every year on any available maidan ; but this uncertainty with regard to the maidan which may be given to the Exhibition authorities takes away much from their ultimate success. If a good piece of land is given to them, as they have been asking for, it will ensure a permanent Fair and also will make it possible for bigger exhibitions and shows to be held on that plot. They have already been appealing to Government and, I believe, our Chamber also has supported their case. I hope that the Government of Bombay will now respond to this appeal and make available a good and suitable plot of land for the Industries Fair, which will fulfil a long-felt want of the City.

Speech of Mr. J. C. Setalvad, President, Indian Merchants' Chamber, at the 2nd Quaeterly Meeting (2nd August 1939).

GENTLEMEN,

You have all received the report of the work done by the Committee of the Chamber for the quarter ending June last.

Prohibition and Taxation

The 1st of August which means yesterday signified a big landmark in the history of the Bombay Presidency, for from yesterday the policy of total prohibition initiated by the Government of Bombay has taken effect, at least so far as the City of Bombay and the Suburbs are concerned. The history of the world shows that no forward step has been taken in social amelioration without its evoking a strenuous opposition

in some quarters. The policy of prohibition in U. S. A. led to a very bitter reaction which ultimately ended in the whole policy being scrapped and withdrawn. There is evidently a lot of opposition not to the policy of prohibition initiated by the Congress Government but mainly to the period in which it is proposed to complete the programme as it is feared that the financial equilibrium of the City and the Presidency will be seriously upset. The policy of prohibition takes into account the hovels and miserable slums of the poor and wants the light to enter such dwellings and Government want them to be irradiated with peace and comfort. While men with plenty dream of their glass of sherry at evening times, they naturally shut their eyes to what is happening in the grog shops and in the hovels and in the miserable tenements of the poor. With the month's pay squandered, the head of the family wants his wife to part with her ornaments and failing this, takes to beating her and children and falls a prey to moneylenders. These are the daily tales of social horror which have impelled Mahatmaji in the first instance and the Provincial Governments in the second instance, to take up the cudgels against Drink. As I remarked at the last Quarterly Meeting, we wish that the pace had been a little bit slow. I quoted the Hon'ble Sri C. Rajagopalachari who made a speech against undue haste. It seems he recently spoke again in favour of gradualism in prohibition. We cannot condemn the step which the Government of Bombay have taken and which has begun to operate since yesterday. It is a symbol for the roused consciousness of the wrongs and sorrows of the poor and while we may feel anxious about the financial results, we cannot withhold our co-operation in this noble cause. In fact, now that the die has been cast and the step has been taken, we must rally round the Government in order to make the prohibition policy a success.

The Property Tax has been levied as an essential consequence of the policy of prohibition. The incidence of the tax has fallen too heavily, I must admit, upon not only the richer classes, but upon the middle and poorer classes. Government, in response to public demand, reduced the tax from 10 to 5%

for buildings below the valuation of Rs. 2,000 in Bombay and Rs. 1,000 in the Suburbs and exempted buildings with a rental value of less than Rs. 500 in Bombay and Rs. 200 in the Suburbs. Tax exemption should definitely be given to buildings the income of which goes to feed charities as there are several such buildings which are in the possession of trusts and which go to feed educational institutions and institutions which give help and relief to the very poor of the community. I am afraid that unless this is done, there will be a big set-back to the cause of education and social relief and a good deal of heart-burning will be created among the various communities who will suffer from this. If such a step is taken Government will be able to avoid dissatisfaction in a good many quarters. The limits for 5% as also total exemption of tax may also well be increased. Government will be getting valuable experience during the current year and I hope while preparing his next Budget, the Hon'ble the Finance Minister will be guided by the facts of which he will get knowledge from his different collecting authorities. It must also be found out whether this tax has got any adverse effect upon the building operations in Bombay and the Suburbs or in Ahmedabad. Buildings are a form of investment, most popular with all sorts of investors, who consider that it is a suitable and safe form of investment when the escapades of Dictators make men nervous and panicky about even tomorrow. I am informed that there is a large number of people, about 30,000, employed in the building trade and all these, at least a large portion of them will be thrown out of employment if a set-back is givien to the building operations as a result of the Property Tax.

It may be pertinent to point out here that any such set-back in building operations, apart from the effect on employment in constructional activities, will also accentuate the problem of housing accommodation in the city. The problem of housing for middle and labouring classes and the inadequacy of the existing accommodation and buildings have been drawn pointed attention to by the Rent Enquiry Committee.

The Report of the Rent Enquiry Committee is published and it is still too early for us to judge of the various implica-

tions of the report. Your Committee will go through it and issue their considered statement and I hope Government will not be in a haste to put these recommendations into effect unless the opinions of all the public commercial bodies are before them.

The Sales Tax on cloth is intended as one of the means to achieve progress in rural development. Unfortunately, in this case the scheme and its implications did not receive the careful consideration of the authorities. It was proposed in the Sales Tax Act that the tax would be levied on consumption. This, however, has not been made clear still and the only rules which have been issued are with regard to taking out licences. It has now been suggested by the piecegoods interests that instead of levying the Sales Tax Government may well take registration charges in some regulated and graduated form. Piecegoods merchants consider that taking out a licence is not in consonance with the dignity of the trade, but apparently they would be quite willing to take out a registration certificate and pay out whatever fees may be fixed for such a certificate. If Government have not yet definitely come to any decision about the form of the Sales Tax and about its incidence, and I must say that there are many complications with regard to this question, they may very well welcome the suggestions put forward by the piecegoods interests which may give them the required revenue without disturbing the trend of the trade.

The Textile Industry

The interim report of the Textile Labour Enquiry Committee made certain recommendations which resulted in an increase in the wages of textile workers. At that time, your Committee sent a protest showing how the calculations on which this report was based were fundamentally wrong. It was pointed out that the prosperity which the Committee saw at the time in the condition of the Textile Industry was merely a temporary phase and that there was miscalculation both with regard to the price of cotton and the price of cotton textile piecegoods. What we said then has been justified now and

you will see from the accompanying statement that not only have prices of different varieties of cloth and different counts of yarn gone down during the last 17 months, but prices of cotton have actually gone up. It is no wonder then that with the burdens placed upon the industry in the shape of an increase in wages, increase in the import duty on foreign cotton, increase in taxation and these adverse prices, the textile industry has now been passing through a very critical stage. The night-shift working is closed resulting in throwing out of employment 30,000 men. Stocks have increased in Ahmedabad with the result that Ahmedabad is considering a reduction of wages, and there are several other factors all going to show that the cotton textile industry is not in the heyday of prosperity as the Textile Labour Enquiry Committee thought. In these circumstances the least we can hope is that the Divatia Committee, as it is called, will not put forward any such recommendations as may entail a further burden on the industry and that if they do so, Government will not immediately put those suggestions into effect before they consult the interests which are vitally concerned and will re-examine the whole question. The Textile industry is definitely not able to bear any further burden and it is to be hoped that Government will see that nothing is done which would cripple this industry which is the staple industry of the province and upon which the prosperity of the province depends.

Unemployment

The question of unemployment has been exercising the minds of all connected with trade and industries since a long time past. The depression in the cotton textile industry has thrown out of employment some 30,000 people while the setback given to the building industry as a result of the Property Tax will also throw out of employment, if it has not already done, a large number of men. The prohibition programme also will throw out of employment a fairly good number of people. Unemployment in trade and industries is a big misfortune and Government, I hope, will take early steps to meet this evil. The objective of the Congress in organising the National Planning Committee is to develop industries in the

country with a view to remove unemployment, and the Government of Bombay have been taking fairly good interest in this Planning Committee. I hope that through the big industries, small scale industries, and the cottage industries, Government will be able to get employment for as many people as possible and thus relieve the economic misery and distress seen all over the land.

Indians Abroad

The question of the treatment of Indian nationals in foreign countries as well as British colonies has always been a delicate and thorny one. Nothing else has shown as this, the humiliation to which Indians are subjected both in foreign countries and British colonies, as unfortunately they have no status of independence in their own country. If there is one thing more than another which justifies our cry for an independent status here, it is this position of our nationals abroad. There is much to be said for the point of view ; that in these days of conflicting nationalities and mammoth armaments, Dominion Status might place India as a unit in the British Commonwealth and safeguard her interests against wanton destruction from outside. Unfortunately, however, the grievances of Indians abroad show how even while they are obviously citizens of the British Commonwealth, it does not safeguard them against the humiliations, indignities and even worse treatment which are meted out to them. The Segregation Act of the South African Government and the Executive Order of ban on the purchase of lands for Indians in the Highlands of Kenya have recently focussed the attention of our people to the question of Indians abroad.

The policy of repatriation of Indians adopted recently by the Government of Ceylon is even perhaps worse, as Ceylon is a close neighbour to us and as the Sinhalese have always been on good terms with the Indians, who have helped to no small extent the development of Ceylon, and yet, unfortunately, apparently without any fault of the Indians an edict has been issued to repatriate them to India, without giving any thought to the situation which would arise after the Indians

come here. The President of Indian Mercantile Chamber of Ceylon recently visited us, and described the whole situation in moving and pathetic words. Nothing is, however, to be gained by mutual recriminations and we can only hope at present that the mission of Pandit Jawaharlal Nehru as the accredited Congress Delegate, will bring about peace and concord where at present there is strife and discord. The Government of India, we are told, have been doing all that they can to bring about a better situation in South Africa, East Africa, Ceylon and Burma, the four countries in which at present there is so much misery and unhappiness for Indians. The Government of India, however, must do something more. Surely, it is incomprehensible that a country with a population of 35 crores and one which is an important unit in the chain of the so-called British Commonwealth, should be practically declared as an Untouchable in the very Colonies of that Empire. It is but natural that if the position of Indians in the British Colonies themselves is not good, some of the foreign countries also may choose to treat them in an undesirable manner ; thus the cruelties which we hear of with regard to Belgian Congo, appear really to be due to the idea of the Belgian Government that the Indians have neither their own Government nor the British Government to safeguard their interests against the wanton cruelties perpetrated upon them by foreign Governments. The British Government therefore should take up all these questions with no loss of time if a very severe strain is not to be put upon the relations between India and Great Britain through all such incidents and happenings. It goes without saying that if the Government of India take any steps on behalf of our nationals abroad and if they are calculated to uphold their self-respect, prestige and dignity, they (Government) will have the full support of the Indian people in whatever they do.

The New Insurance Act

The New Insurance Act came into force on 1st July, 1939. I do not want to unduly criticise a new measure, the experience of the working of the provisions of which is yet to be gained ; but, at the same time, one cannot help pointing out

to a serious lacuna in the scope of the Act as it exists today in the matter of the prohibition of rebates and the limitations of commission. These provisions were made with the laudable object of regulating and restricting expenditure on procuring business. Having regard to the unhealthy competition which was visible in recent years such a step should be welcome. But in regulating commission payable to Agents, one class of Agents was not brought within the pale of the limitation. I refer to the case of the Chief Agents. While commission payable to the ordinary agent is limited, Chief Agents can and will continue to be paid commission at rates much higher, with the result that companies having a large number of Chief Agents will be able to divert greater volume of business to themselves. Another matter in which Indian Insurance interests are adversely affected is in regard to the Rules of the Tariff Associations. The Agency Rules of the Fire Insurance Association will stand in the way of the progress of Indian Companies and it is to be regretted that the efforts made by Indian Companies to get these rules modified were not successful.

TABLE I

Prices of different varieties of cloth, different counts of yarn, and Broach cotton during the last 18 months.

Date	Varieties of cloth (price in Rs. per lb.)					Yarn of different counts (price in Rs. per lb.)							Broach Cotton	
	Long cloth Std. quality.	L. cloth Fine quality	Shirtings	Shirtings Veg. quality	Dhoties upto 2" Nakshi border	6½s	10½s	16s	24s	32s	40s	60s		
21—1-38	0-9-6	0-15-6	0-9—2	0-8-9	0-10-3	0-4-2	0-5—7	0-6—8	0-7—9	0-9—7	...	1—1—7	April/May	172
18—3-38	0-9-8	0-15-6	0-9—2	0-8-9	0-10-3	0-4-2	0-5—9	0-6—9	0-8—0	0-9—4	...	1—1—7	„	170
27—5-38	0-9-6	0-15-3	0-9—1	0-8-8	0-10-3	0-3-9	0-5—4	0-6—7	0-7-10	0-9—2	...	1—0—3	July/August	150
22—7-38	0-9-6	0-15-0	0-9—1	0-8-7	0-10-3	0-3-9	0-4-11	0-6—0	0-7—6	0-9—0	0-10-8	0-15—7	„	155
30—9-38	0-9-6	0-15-0	0-9—1	0-8-7	0-10-3	0-3-7	0-4-10	0-5-11	0-7—7	0-8-10	...	0-15—3	April/May	152½
25-11-33	0-9-2	0-14-3	0-9—0	0-8-4	0-10-3	0-3-6	0-4—8	0-5—9	0-7—0	0-8—4	...	0-14-11	April/May July/August	160½ 161½
20—1-39	0-9-2	0-14-3	0-8-11	0-8-4	0-10-3	0-3-4	0-4—7	0-5—9	0-6-11	0-8—3	...	...	April/May	157
17—3-39	0-9-2	0-14-3	0-8-11	0-8-4	0-10-3	0-3-4	0-4—6	0-5—8	0-6-11	0-8—2	...	0-13—6	April/May July/August	153 154½
26—5-39	0-8-9	0-13-3	0-8—6	0-8-0	0—9-6	0-3-4	0-4—7	0-5—6	0-6—9	0-8—0	0-9—2	0-13—1	July/August April/May	169½ 157
21—7-39	0-8-6	0-13-3	0-8—5	0-7-9	0—9-6	0-3-6	0-4—7	0-5—8	0-6—9	0-8—1	...	0-12-10	July/August April/May	150 149
Price reduced by	11½%	13%	7½%	10½%	7½%	6½%	14%	14%	14%	11¾%	...	23%	12½%	

TABLE II
Prices of Kampala Cotton

Date	On Price	Broach	Total
	Rs. a. p.	Rs. a. p.	Rs. a. p.
2—2—39	114 0 0	152 14 0	266 14 0
3—2—39	101 0 0	152 14 0	253 14 0
„	101 0 0	153 0 0	254 0 0
25—2—39	110 0 0	147 0 0	257 0 0
28—2—39	110 0 0	147 4 0	257 4 0
28—3—39	122 0 0	157 12 0	279 12 0
1—4—39	122 0 0	152 8 0	274 8 0
2—4—39	122 0 0	151 8 0	273 8 0
5—5—39	125 0 0	171 12 0	296 12 0
29—6—39	130 0 0	161 6 8	291 6 8

Speech of Mr. Chunilal B. Mehta, Vice-President, Indian Merchants' Chamber, at the Second Quarterly Meeting (2nd August 1939)

MR. PRESIDENT AND GENTLEMEN,

The President has dealt with some of the leading topics of the last quarter and I would like to say a few words with regard to some other questions.

Debt Relief Legislation

It has been one of the aims and objects—I should say one of the very salutary aims and objects—of the Congress Government to help the agriculturists who form the cream of the population. There are ways and ways, however, of affording them relief and any wrong or misdirected steps will, instead of helping the agriculturists, plunge them deeper down in the miserable condition in which they are living since the last several years. The Bill to provide for the relief of agricultural

debtors in the Province of Bombay is, if I may so put it, a measure of this kind. I appreciate and your Committee have appreciated the motives underlying this legislation, but it will strike a blow at the Sowcars who have been the prop and pillar of the agriculturists for hundreds of years. Unfortunately, there has been a tendency fostered in some quarters to consider the Sowcar as an exploiter of the people. Such legislative measures always take into account the paying capacity of the borrower, but not the capacity of the lender. It should be borne in mind that the lender himself—in this case the Sowcar—has to meet his own commitments and one cannot, therefore, merely consider this question from the standpoint of the borrower alone. As against this tendency there are officials like Mr. A. H. A. Simcox, who has contributed a series of articles to the *Journal* of the Chamber, who believe, and rightly so, that the Sowcar has been a great helping force for the agriculturists and whether it is times of famine or whether it is a marriage occasion or a sad death in the family or some extreme necessity of the agriculturist, the Sowcar has always helped him to tide over the crisis. It is now proposd to appoint several hundred Arbitration Boards in the Province which will decide the question of the redemption of debts and the agriculturist who has at present got credit will be driven into a position when he will command no credit with the Sowcars. It is optimistically hoped that the Co-operative Credit Societies will finance the future requirements of the agriculturists. Whatever work the Co-operative Credit Societies may have done, they have touched, according to the opinions of even the leading co-operators themselves, but the fringe of the problem and the heavy debt of the agriculturists has mostly been advanced by the Sowcars alone. The Indian Central Banking Enquiry Committee observe in their Report that "we are impressed by the fact that out of 2,500 towns in India, joint-stock banks and their branches exist in less than 400 places and for banking facilities elsewhere, agriculturists, traders, merchants and small industrialists have to depend largely on indigenous bankers and moneylenders."

Clause 39 of the Bill provides that simple interest on the balance of principal debt outstanding should be allowed at 6 per cent per annum in respect of debts incurred before January 1939, a rate of interest which is extremely inadequate. There have been periods in the past when even the bank rate was ranging between 7 and 9 per cent and when the Government of India themselves had to pay 6 per cent for the War Debts. Looking to all these facts the rate of interest allowed should be much higher. Capitalisation of interest at the end of six months is being practised even by banks and as such the interest which accrues to the Sowcar should be allowed to be capitalised if not at the end of every six months, then at least at the end of every year. I may say that the Sowcar himself has to allow such capitalisation of interest to his creditor and therefore it would be a great injustice not to allow him this practice.

There are several other clauses also equally objectionable and your Committee have criticised the details of all these clauses. While they sympathise with the lot of the agriculturists, they do not think, with due respect to the opinion of the Cabinet, that this particular legislative enactment is going to better the lot of the agriculturists. Deputations after deputations from different villages and cities representing the Sowcars have waited upon the Hon'ble Minister. Unfortunately, upto now there has been no hope given of any relief to the Sowcars. I have to add my humble voice to the protests lodged by the Sowcars as I feel that the maintenance of the Sowcars is an essential condition for the maintenance of the economic structure of the rural society. The trade and business of the Sowcars are as genuine, *bona fide* and honest as possible and it is not far-sighted statesmanship to condemn the Sowcars and their business methods as immoral and as exploitation. When recently the question of Zanzibar was in the air, some anti-Indian critics had observed that Indians had gone there as the exploiters of the agriculturists. With regard to this a prominent businessman made the remark that when it was a question of big European banks, they were considered as bankers, but when it was a question of Indian bankers, Sow-

cars and Shroffs, they were considered as exploiters. I hope that this tendency has not affected our viewpoint also.

Indo-Japanese Trade Negotiations

The stage is being set for the opening of the Indo-Japanese Trade Negotiations. The public interest is centred round these negotiations to a considerable extent, as the questions of Japanese trade and Japanese competition with India have been looming large for the last several years now, in fact, ever since the War began. As a matter of fact, Japan has proved a great competitor of Great Britain with regard to the supply of several articles necessary for India and it is only the shortsightedness of the British manufacturers that makes them think of India in terms of any active and vigilant competitor specially in textiles and not to think of Japan in these terms at all. Fortunately since the Sino-Japanese War began, the eyes of British manufacturers have been opened to some extent and they have begun to realise that after all there may be some truth in the contention that Japan had hit hard British trade and industries in the Orient. The Indian Advisers have been selected already and very shortly trade negotiations may begin between the Indian and Japanese delegates. I hope that the negotiations will not be confined to cotton and cotton textile goods, but will extend to various other industries in which Japanese ambition has been practically to capture the Indian market. I should like to emphasise that the arrangement for quotas must include yarn. There should be limitation placed on imports of yarn, graded according to counts. Yarn coming from Japan now includes yarn made in China also and manufactured from cotton which may be grown there and which may have been imported from the U.S.A. Under these circumstances, no arrangement will be complete which does not provide for a limitation on imports of yarn.

Purchasing Power and Trade Balance

One of the fundamental issues of the day for this country is to raise the purchasing power of the people. As Pandit Jawaharlal Nehru put it, the ideal of the National Planning

Committee was to raise the optimum of the textile requirements per capita to 30 yards as against 14 to 15 yards prevalent at present. This optimum, however, cannot be secured unless the purchasing power of an individual is raised. India has got such a tremendous man-power that if the purchasing power is raised even to the slightest extent, it will turn the face of the earth. The purchasing power can only be raised when we have got more favourable trade balances. Unfortunately, for some time past, our trade balances with some foreign countries have been against us and where they have not been against us, at least they have declined. The totalitarian States have adopted the expedient of stopping or discouraging the imports and encouraging exports. Our trade balance with Japan has been growing adverse since the last several years as will be seen from the following table :

BALANCE OF TRADE WITH JAPAN DURING THE LAST FIVE YEARS

(In crores of rupees)

Year.	Total imports.	Total exports.	Balance of trade.
1934-35	20.80	24.59	+3.79
1935-36	21.84	21.89	+0.05
1936-37	21.27	30.07	+9.80
1937-38	22.19	18.13	—4.06
1938-39	15.42	14.57	—0.85

India has largely to depend on a favourable balance of trade for meeting her foreign commitments, and I am sure this question will be taken into consideration at the time of the Indo-Japanese Trade Negotiations. Every country requires a favourable balance of trade and we require it all the more as we have to meet annual foreign obligations amounting to about Rs. 60 crores.

Indian Shipping and Imperial Shipping Committee

Allow me to invite your special attention to the two events of very great importance, having a serious bearing on the future of the Indian shipping industry, which have recently taken place in the world of shipping. One is the publica-

tion of the Report of the Imperial Shipping Committee on the position of British shipping in the Orient and the second is an enactment of a measure by the British Government of huge financial assistance to their own shipping. Although the Imperial Shipping Committee have clearly recognised that the expression "British shipping" does not mean merely shipping in the United Kingdom but includes "shipping registered at any part in the British Commonwealth including the Indian Empire" and although it has attached "great importance to an improvement in the relations between the U. K. and the Indian owners of shipping engaged in the Indian trades", it is to be deeply regretted that they have not made any definite constructive proposals in regard to the improvement of Indian shipping as such contrasted with the powerful position of British shipping. This is particularly most unfortunate when it is realised, as shown in the Report of the Imperial Shipping Committee, that Indian shipping has practically no share in the large overseas trade of India; when the trade between India and the United Kingdom, India and South Africa, India and Australia and India and New Zealand is practically monopolised by British shipping itself which carries nearly 95 to 99 per cent of these trades; and when the Japanese shipping is capturing more and more of the carrying trade between India and Japan. I would, therefore, strongly urge upon the Government of India that in submitting their views on the Report of the Imperial Shipping Committee they should not fail to emphasise the imperative necessity of getting the claims of Indian shipping effectively recognised for a proper share of all these important maritime trades, particularly as they are between India and other countries and that they should make it clear that as regards any new form of organisation, as suggested by the Imperial Shipping Committee, that may be appointed by the Governments concerned to watch over the British shipping in the middle and far eastern waters, India could not and would not join such an organisation, until, as we have said in our representation, "the place of India as an equal maritime unit in the Empire is fully recognised by that organisation."

Subsidy to Shipping

And now let me draw your attention as a matter of significant contrast to the active and effective manner in which the British Government have decided to help their own shipping. In addition to the large sum of £10,000,000 to be given as financial assistance for liner services competing with subsidised foreign shipping, they have decided to give an annual subsidy of £2,750,000 to their tramp shipping and an annual shipbuilding grant of £500,000 for building general trading vessels both for a period of five years. This is not all the help that they have decided to give. The Board of Trade have been authorised to give loans upto a total of £10,000,000 for the building of general trading vessels and are further empowered to spend a sum upto £2,000,000 for purchasing vessels from British shipowners for creating a reserve of merchant ships for the benefit of Great Britain in the event of war. It is needless for me to add that, dominant as the position of British shipping has been in the Indian coastal and the adjacent overseas trades which has kept down the growth and development of Indian shipping, the accession of enormous competitive strength which that British shipping will receive from the financial assistances mentioned above which Great Britain has decided to give, will enable it to render the position of Indian shipping much more helpless and intolerable in the future than it has been in the past. It is true that the representatives of all the parts of the British Commonwealth sitting on the Imperial Shipping Committee have recognised the fact that "the aspirations of India to enter into the field of shipping operations are natural" and have made the recommendation that they "should be fairly met in a co-operative spirit by the United Kingdom Lines", and yet I consider it my duty to sound a note of serious warning that, despite this sagacious and sound advice in the larger interests of Empire shipping, information which I have been receiving from across the seas shows in an unmistakable manner that the attitude of the British shipowners towards the Indian shipping industry has hardened and stiffened and may become hostile in the near future. The Indian shipping

industry will, therefore, need all the strength, support and encouragement which the Indian commercial opinion can give in the years to come to enable it to fulfil its mission and it will become our bounden duty in the larger economic interests of India to urge upon the Government of India with all the vigour and earnestness at our command to adopt a national shipping policy, so that the endeavours for building an Indian Merchant Navy worthy of India as an important maritime country may not be defeated and the progress of the Indian shipping industry may not receive a crushing and irreparable set-back.

Speech of Mr. J. C. Setalvad, President, Indian Merchants' Chamber, at the Third Quarterly General Meeting (4th November, 1939).

GENTLEMEN,

International Situation

Since we met last, many changes have come over the world. The event, which was always expected since the close of the last War and yet which was dreaded by almost all, has come to pass, viz., the bursting out of another armageddon in Europe. The last War has fought to end the wars. Mothers and wives of that time had perceived the horrors of the war, and were, to a large extent, instrumental in promulgating the slogan which went round everywhere : "No more wars in future." The League of Nations which was inaugurated at the close of the last War, was expected to be a harbinger of peace and to preserve peace and order among the different nations. Unfortunately, the Treaty of Versailles, which gave birth to the League of Nations, provided also pestiferous ground from which would breed a hell of a future war. The statesmen of that period, who were assembled at Versailles and who had got the support of their people on the slogan "No more future wars," were guided not so much by their love of democracy and love of peace as by a bitter resolve to humiliate their former enemies ; and hence gave the Versailles Treaty. The League of Nations, which might have come upto the expectations of the world if it had been in hands

which were clean, drifted into being merely an instrument in the hands of the so-called " Big Four " for their own individual national aggrandisement. The colossal tragedy occurred, when it proved entirely incapable of preserving the liberty and independence of China and Abyssinia, and when it could not interfere while Austria and Czechoslovakia were raped and there was a holocaust in Spain. While the League thus proved itself effete and powerless, the curses came home to roost in other directions. It is an old proverb : " Sow the wind, and reap the whirlwind " ; and Europe is now reaping the whirlwind. It would be a curious and interesting analysis to find out the rise and growth of dictators. It was a disaffected Germany, groaning under the burden placed upon her, suffering from all the humiliations and mental torture consequent upon her dismemberment, that put forward a Hitler, who promised her deliverance from her ills, and showed to his people a new heaven and a new earth. It was not surprising that Germany turned to Hitler. He wanted to strengthen his powers and to strengthen his hold upon Germany ; and this he could not do if he stopped in his relentless persecution of Jews, and cruel and unjust exploitation of Austria, Czechoslovakia, Spain, etc. Even when in certain particulars he was right his policy and methods were not. He could have been checked and the world could have been, perhaps, saved this tremendous disaster, if he had been stopped in his invasion of Austria and latterly when he grabbed Czechoslovakia. Unfortunately, Munich then came in the way. There were paeans of praise sung to the achievements of Mr. Neville Chamberlain, when the Munich Pact was signed ; and the world has only now come to realise what Munich has cost to it. Hitler came to realise, perhaps, that his march onwards was irresistible and he thought of taking Poland on the plea that Danzig and the Corridor were essentially German. Negotiations went on, and England and France plainly let it be known that they would fight for the independence of Poland. Hitler, however, understood all the diplomatic negotiations as bluff, invaded Poland and conquered it in two weeks. England and France have stuck to their promise and have entered upon a war with Germany to end Hitlerism,

which means autocracy run rampant. The world is too small for the existence together of these two forces—democracy and totalitarianism ; and England and France have taken up their arms in a righteous cause.

Situation in India

We cannot discuss the international situation from a merely academic standpoint, for we are affected by it intimately. India, as a part of the British Empire, is affected by whatever happens to that Empire, whether she wills it or not. When the ominous news came forward that the Zero hour had struck and that the war had begun between England and France on the one hand, and Germany on the other, several of our foremost leaders expressed their sympathy with the Allies in no uncertain terms ; and naturally, for India is interested in democracy, being its latest recruit. She has her aims, hopes and aspirations for a fully developed democratic constitution, and is strongly opposed to any sort of totalitarianism, or fascism, or nazism, or communism—in fact to any of the isms which mean the throttling of democracy. When the last War broke out in 1914, there was a great and moving enthusiasm in India for the war, and if the Government at the time had chosen to harness the moving enthusiasm, inspired by a love of democracy and justice, England would have got, both in men and materials, a great help. Unfortunately, that was not to be. Days and months passed and the initial enthusiasm was allowed to die away. England did use our men and materials, but not as an equal partner. That state of things has, it seems, come about again now. England could have secured India as a willing partner. Unfortunately, that was not to be ; and while still people of all shades of opinion here are opposed to Hitlerism and are in intense and moving sympathy with the objectives of securing democracy and ending Hitlerism, the initial enthusiasm once again is allowed to die away. Not only that, but the red herring of communalism and minorities has again been trotted out, and India is asked to rest satisfied with the vaguest of vague promises regarding Dominion Status, leading to a feeling in the public mind that this war also is not really intended by British statesmen to help

Democracy but to further perpetuate and strengthen Imperialism. The Congress Ministries have now resigned. I consider the resignation of Congress Ministries as one of the greatest tragedies in these times, as it means passing away, even though temporarily, of popular Governments and a setback to Democracy. If the Central Government had got any genuine and live interest in the welfare of the rural population, in the development of agriculture, in the peaceful progress and evolution of the country at large, as they claim to have, they should have moved heaven and earth before they allowed the Congress Ministries in the provinces to resign. Bringing about a situation which made these resignations inevitable and the acceptance of these resignations, tell their own tale with regard to the objective of the British Government, and I do not want to embellish that tale any further.

The commercial community in this country, in common with the nation at large, wants full self-government which, in other words, means Dominion Status as defined by the Statute of Westminster. Nothing less than this will satisfy the merchants and industrialists, who have felt all these years how our trade and industries have been retarded, hampered and even ruined, by the economic policies and executive actions of the foreign Government. The popular Governments might have laid down and pursued policies which were liable to retard the progress, to some extent, of Indian commerce and set back the course of the indigenous industries ; and on such occasions your Committee have criticised them and drawn their attention pointedly to the consequences of such measures. While criticising the national Government, we have always made it abundantly clear that we do not want the system of Government which went away, as I once remarked, unmourned and unwept. I am analysing all this to show, how very definitely and emphatically the business world wants Dominion Status, which alone can ensure to us that Economic and Financial Swaraj which has been our cry since years, because we alone know where the shoe pinches.

Before I conclude this particular portion of my speech, I should like to say that there was a fear and, I am afraid, a

genuine fear, among the industrialists of this country, that the policy of the Congress and the Congress Governments was to develop only cottage industries. That fear was, to a large extent, removed by the formation and organisation of the National Planning Committee, presided over by no less a person than Pandit Jawaharlal Nehru, which had the general support of the whole country, including all the Congress-governed Provinces, some non-Congress Ministries and several leading Indian States.

Indian Industries

We, in this country, are again faced with a situation, with which we were faced some quarter of a century back, when the storm of the last European War burst upon us suddenly. India was found unprepared at the time from an industrial point of view. It is but a truism to say that the modern war needs all that modern industries can give ; for its prosecution hundreds of different articles are required and required urgently. Great Britain could not send supplies to this country, for obvious reasons ; nor were supplies forthcoming from neutral countries, and, of course, not from enemy countries. India had, therefore, to supply her requirements for the use of her army herself. Not only that, but she was expected to send supplies out for the use of her army in Europe and Egypt and even for the use of the British army in England. Sir Thomas Holland, the then President of the Munitions Board, who was also the Chairman of the Indian Industrial Commission, put forward great efforts to organise the country industrially for the war, and the country did rise to the occasion. In fact, there is no reason whatsoever, why India should not rise to industrial heights attained by some of the Western countries and Japan. She can even rise to military heights. Unfortunately, all this has not been found to be possible, because of the lack of confidence and trust in her. The result was that all those war-time preparations and that war-time industrialisation died away, and all that enthusiasm also on the part of Government for the development of industries became extinct, the natural result being that this fresh war has found India unprepared practically to the same extent.

A fully industrially developed India can supply the wants and requirements not only for our Indian army, but even of the British people. Government have now got an Economic Resources Board and propose to have on it only representatives of Government Departments, putting forward the plea that it will not be possible for non-officials to attend. To have an Economic Resources Board only of Government officials is worse than useless and will not lead to anything. If you want to get real help from India, in the industrial sense and if you want to have industrial products or Indian raw produce for helping the prosecution of the war, you must have the co-operation of commercial and industrial bodies and you must have representatives of such bodies working along with Government officials. It is not doing justice to the representatives of these bodies to think that at a time of crisis, like the present one, they will not be able to spare either their time or their energy. Unfortunately, it is the want of imagination of the bureaucracy that has proved the bane and has marred the relations between the British and Indians and it is the same want of imagination which comes in the way, even now, of a thoroughgoing, earnest and constructive co-operation between the two peoples. Let the British face the realities. Great Britain cannot, even if she wants to, send out armaments or machinery or railway materials or railway rolling stock or heavy chemicals,—in fact none of those articles which will be required in this country. Great Britain wants these articles herself, and wants them badly even from outside. She will have to depend upon neutral countries, and there are Rip Van Winkles, who will rather depend upon neutral countries than upon countries like India which can be turned into a rich and limitless mine of usefulness to the Empire at this stage. There was a suggestion made in the House of Commons the other day by one Labour Member that the colour question should not be introduced at present with regard to the Defence services or with regard to hotels and other amenities. Of course, the assurance was given that no such colour distinction would be observed. Will such assurances be given, however, not for the United

Kingdom only, but for all the parts of the Empire and even for India herself ?

Speech of Mr. Chunilal B. Mehta, Vice-President, Indian Merchants' Chamber, at the Third Quarterly General Meeting. (4th November, 1939)

MR. PRESIDENT AND GENTLEMEN,

Political Situation

The President has dealt with the question of the international situation, as also with the situation in this country, so far as it is affected by the international situation and international politics. The tragedy which has overtaken the world, was expected from some quarters which could not believe that, looking to the bitterness and hatred which were surging all around and the greed of conquest and exploitation which were moving the nations of the earth, the world would escape without a blood bath. It was not expected, on the other hand, by those who thought that, looking to the vast interests at stake and looking to the terrible experience every one had of the last war, any people would be prepared for again going to the arbitration of guns and bombs. However, it has come to pass, and we are again in the grip of a big war. It is a curious paradox that only a few days before this storm broke out, the Tenth Congress of the International Chamber of Commerce was held at Copenhagen in June last, and the atmosphere which prevailed there was described by Mr. Van Zeeland, in one of his speeches : "At this moment and in this atmosphere we have here an International Organization daring enough to bring together around the same table the representatives of 42 countries. Right away the Congress opened in an atmosphere of conscious courtesy and obvious goodwill." Mr. Sigfrid Edstrom, President of the International Chamber of Commerce, who is well-known throughout the world of employers and businessmen as one who has rendered a lifetime service to the cause of strengthening international relations between countries in matters of trade and industries, emphasised this very aspect in his contribution to the *World Trade*, the organ of the International Chamber of Commerce.

He says : " The first tangible result of the Congress was to prove to the world that despite divergent ideals and opinions, friendly collaboration between men of different nations is a possibility provided the will to collaborate is there. That is no mean achievement for, as the Copenhagen correspondent of *The Economist* put it, it provides a ray of hope in an anxious world. The world is anxious because it sees the need for collaboration and the stupidity of conflict, but has come to wonder whether the nations can ever be brought to work together in harmony. The Copenhagen Congress has shown that they can."

Unfortunately, all this optimism came to nothing, and all these hopes and expectations engendered at international gatherings like the Congress of the International Chamber of Commerce were dashed to the ground only a few days afterwards, making the situation more bitter because of the optimism which prevailed before. The main resolution passed by that Congress was an earnest appeal for peace, the Chamber emphasising that " lasting political stability and settlement of outstanding economic issues are necessarily inter-dependent." The resolution went on to say " The Chamber advocates procedure and policies which will render unnecessary the movements of armies across frontiers and which will substitute therefor the increasing movement of goods, services and capital. Believing that the door to peace is still open, its objective is to help people everywhere to convert their longings for peace, security and prosperity into a practical programme of economic adjustment and human understanding." It is enough to make one a cynic to realise that within two months these very armies were moving across the frontiers, that bridges connecting countries were being blown up, that peaceful trade and industries were being destroyed, and that most ghastly weapon invented by modern civilisation, viz., the aerial bomb, was being used to destroy not only the combatants but also the peaceful population, including women and children !

The War and Indian Economy

The war has been going on for about two months now, and we are yet to feel many of its effects. From the financial point of view, when the Bank of England rate was raised from 2 to 4%, it was generally expected in Bombay financial circles that the Indian Bank rate would also be raised from 3 to 4% and that a period of dear money would set in. However, the Reserve Bank authorities judged the situation correctly and maintained the Bank rate throughout at 3% and also relieved the pressure on finance on account of increased activities in the commodity markets and stock exchanges by expanding currency against sterling securities. Notes in circulation on 25th August amounted to just over 178 crores of rupees, while on 20th October the circulation stood at over 211 crores. The subsequent action of the Bank of England authorities in restoring the Bank rate to the previous level in two stages and thus paving the way for the continuance of the cheaper money conditions shows that the Reserve Bank acted wisely in sticking to the 3% Indian rate.

With the rise in the commodity markets and with the expectation of increased exports from India the Rupee-Sterling exchange rate began to harden. War preparations on the basis that it might last for three years will naturally result in increased exports of Indian merchandise, while imports into India may decrease. This will result in an increased favourable balance of trade for India. This process will naturally have a tightening tendency on the exchange and if on account of war demand the prices of Indian commodities rise materially there will be large offerings of Sterling against export bills. In such an eventuality, our currency and monetary authorities may be tempted to allow exchange to rise over the statutory upper point, 1s. 6 3/16d. It is necessary to warn the authorities that they should not yield to such a temptation and should not repeat the mistake committed during the period of the last War, viz., to raise the exchange at every stage. The Reserve Bank is at present in a strong position to be able to absorb a large amount of sterling that may be made available; in fact the country needs these sterling

resources for paying the Home charges and foreign obligations including debt charges. We all remember the hectic days during the last war and in the post-war period when exchange was tampered with frequently; the experiment cost India a tremendous loss and this was acknowledged later even by Government spokesmen. Under Section 41 of the Reserve Bank of India Act, the Bank is under an obligation to buy any amount of sterling at the upper point, viz., 1s. 6 3|16d. and unless the Government of India come forward to suspend the obligation under that Section the Bank will continue to buy sterling, thus preventing any chances of the exchange going beyond that point. It is, therefore, necessary to warn the Government of India against a repetition of the mistaken financial policy pursued by them during the period of the last war. Of course the Government of India will on this occasion have the necessary guidance and advice from the Board of the Reserve Bank and as we have on that Board men of redoubtable knowledge in financial matters, we may feel confident that such advice as will be in the best interests of India will be tendered.

War Developments — Steamers in Neutral Ports — Requisition of Vessels, Etc.

After His Majesty's Government declared war with Germany, many steamers which had already left either the Indian Ports or the Ports on the Continent for their respective destinations could not reach their ends; even to this day, whereabouts of many of these steamers are unknown. Your Committee received a number of enquiries on this point asking the Chamber if the Committee could help merchants whose cargo was loaded on ships which had already left the ports before the war started. The Committee made prompt enquiries of responsible quarters, and after gathering such information as was available, issued a general circular advising merchants to keep themselves in communication with the British Consul at Marmagoa, a neutral port, where some ships were lying. A Sub-Committe, to specially deal with war developments, has already been appointed to go into various enquiries and to guide merchants to proceed on certain defi-

nite lines. Your Committee have also moved the Central Government on the important issues involved in registering claims of Indians due from enemy firms and such other allied problems, including the re-examination of the policy of requisitioning vessels plying on coastal lines engaged in transporting passenger and goods traffic. They had also approached the Government of India and the Controller of Enemy Firms with a request that the Chemdyes Ltd., with whom Indian firms had entered into contracts for the supply of chemicals and dyes should be allowed to resume trading and as a result the Company has resumed trading although on a restricted basis.

In order that the commercial community may keep itself in touch with various important communiques issued from time to time, either by the Central Government or the Customs Department or the Government of Bombay, your Committee have arranged to publish such communiques in the columns of the *Journal* of the Chamber. Matters arising out of the outbreak of war, and consequent disorganisation in postal and mail deliveries are also being considered by the War Sub-Committee, and proper representations made to responsible quarters on all these difficulties.

Air Raid Precautions

Unlike the ways in which wars were fought by our forefathers, when in a pitched battle field, the matter was decided by courage and skill, present methods of war have been totally revolutionised due to mighty changes brought about by discoveries in physical sciences. Today, wars are fought not only on the sea and land, but also in air, where aeroplanes play a dominating part in weakening the enemy strength on land and creating panic in the civil population. The need for precautions against such measures employed by the enemy is, therefore, very urgent. It is highly important under these circumstances to educate the public in Air Raid Precautions, so that in times of emergency, the citizens may not feel confused and panicky. In this connection, your Committee have appointed a special A. R. P. Sub-Committee to take such

measures in consultation with the A. R. P. authorities of the Government of Bombay, as they deem desirable and to popularise and further the question of Air Raid Precautions among the commercial community. The Committee issued a general circular to all the members advising them to take advantage of the lectures held at the B. E. S. T. Offices. Nearly 60 members, including the members of their staff, were given admission cards through the Chamber to attend those classes. The Committee have also nominated 20 persons, with one Office Assistant as Secretary, to work for A. R. P. measures in collaboration with the A. R. P. Officer of the Government, in Kalbadevi and Mandvi areas respectively; very soon classes in these areas would be held at suitable places. I would advise you, gentlemen, to take the fullest advantage of these lectures on A. R. P. by deputing members of your staff to these classes.

Depreciation Allowance under the Income-tax Act

As you are aware, the amended Income-tax Act changed the basis for purposes of depreciation allowance; but it was agreed that this change should take effect only from April 1940, and that in the meanwhile the percentage rates necessary for various types of machinery and plant were to be fixed in consultation with the interests concerned. The Central Government have now circulated the rates proposed by them, and these rates were recently scrutinised at an All-India Conference and were found to be inadequate for the purpose to be served.

The fundamental principle underlying the grant of depreciation allowance is that the owner of an asset should be able to set aside an amount corresponding to the diminution in the value of the asset from time to time and sufficient to replace it when its useful economic life is over. The manner and method by which such allowances are made year after year are secondary. The Income-tax Amendment Act, 1939, provided that in computing profits of business, professions or

vocations allowance shall be made in respect of depreciation of buildings, machinery, plant and other assets calculated on the basis of the written-down value of such assets, i.e., the original cost of the asset less, year by year, the depreciation previously allowed. This change in the basis of calculating the allowance from the prime cost to the written-down value was based on the recommendations of the Income-tax Enquiry Committee Report of 1936. The Committee, however, while suggesting the change also observed that "higher percentage rates would be necessary under the written-down value basis to give corresponding results and this should be borne in mind when the rates are being revised." Unfortunately, the draft rates proposed by Government are, in most cases, the same as those which prevailed under the old original cost basis, with the result that the life of machinery and other assets is assumed at a very long period and it would take a ridiculously large number of years for such assets to be written off. It was not the intention of the Legislature in sanctioning the introduction of the written-down value system to curtail or reduce the annual quantum or extent of the depreciation allowance or to prolong unduly the writing-down process. Your Committee and other Chambers of Commerce have addressed the Government of India in the matter and have suggested that the useful period of life for machinery and other assets estimated and assumed under the schedule of rates in force under the old Income-tax Act was fair and that the same period of life should be accepted for purposes of the written-down value system. This can be done by either increasing the rates *pro rata*, so as to cover not less than 92% of the assets in the same number of years or by a graduated scale of rates, increasing year after year, in such a manner as to cover the assets in the said number of years. I am aware that the provision in regard to obsolescence, which has now been modified in favour of the assessees, would facilitate replacements and renovations necessitated by scientific advancement or technical improvements. But this provision will be of actual and material help only to persons and

undertakings with adequate financial resources, and in the existing state of industrial development in India greater reliance will have to be placed on the accumulation of depreciation reserves for maintaining plant and machinery at the optimum level of efficiency.

Sugar Sub-Committee — Neglect of Bombay Interests

The Imperial Council of Agricultural Research, at their last session at Simla, recommended to the Government of India to hold an All-India Sugar Conference to consider measures for rationalisation and stabilisation of the sugar industry and also to organise a Central Sugar Committee on the lines of the Indian Central Cotton Committee. The Imperial Council have, in this connection, appointed a Sub-Committee which will consider the suggestions to be received from the Provincial Governments, States and public bodies and on the basis of which will draft concrete resolutions to be placed before the All-India Sugar Conference. I am sorry to inform you that this Sub-Committee are entirely composed of representatives of such factories in Northern India to the exclusion of representatives of such factories in the Bombay Presidency and the Deccan. I am sure the sugar interests in our Presidency and the Deccan have also urgent problems which need to be discussed in the Conference and therefore have a right to be represented on the Sub-Committee. Specially is this representation necessary as the Sub-Committee are entrusted with the work of drafting a constitution for the Indian Central Sugar Committee. It would be very difficult to have any change afterwards in the constitution as drafted by the Sub-Committee. The exclusion of Bombay interests from the personnel of this Sub-Committee cannot be excused on the ground that the final recommendations to Government will be made by the Conference itself and that the composition of the Sub-Committee can have no influence on the deliberations of the Conference. After all, the Conference will consider carefully only those resolutions, which have been placed before

them by the Sub-Committee and resolutions or suggestions which are not recommended by the Sub-Committee will receive only cursory attention. It is with a feeling of regret that I have to bring to the notice of the Imperial Council of Agricultural Research their lack of consideration for the Bombay Presidency and the Deccan sugar interests which have a right to be represented on the Sub-Committee, whereby they could effectively make their case heard.

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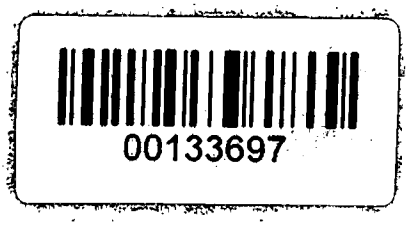
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